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Publication Details

Gilchrist, D. J. (2015). Antipodean Owenite or colonial socialist: Charles Harper, economic development, and agricultural co-operation in Western Australia, 1890 to 1910 (Doctor of Philosophy (College of Business)). University of Notre Dame Australia.
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THE UNIVERSITY OF
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**Antipodean Owenite or Colonial Socialist: Charles
Harper, Economic Development, and Agricultural
Co-operation in Western Australia, 1890 to 1910**

by

David John Gilchrist

This thesis
is presented for the degree of
Doctor of Philosophy
at
The University of Notre Dame Australia

School of Business

2015

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Abstract

Charles Harper (1842-1912) was a Western Australian pastoralist, newspaper proprietor and influential politician. The central hypothesis advanced in this thesis is that Harper was instrumental in establishing co-operatives in Western Australia in the late nineteenth and early twentieth centuries as a pragmatic means by which to overcome the economic constraints that normally confront a settler population in a frontier economy. Specifically, Harper believed that co-operatives were an important means by which to build the type of private and public physical capital that was needed to settle colonists on the large, low-yielding Western Australian landmass, and, further, to provide the required countervailing power to oppose the monopolistic enterprises that commonly characterise the incomplete markets in such settlements. It is argued that he was largely successful in the establishment of co-operatives for these pragmatic ends since he provided the leadership, inspiration and energy that was required to persuade potential co-operators that the benefits of working in concert to achieve a common end outweighed the free rider and other costs from working in concert. This hypothesis is elaborated upon and verified by presenting a biographical account of Harper with an emphasis on what, I contend, is his primary legacy as a co-operative promoter.

Declaration of Authorship

This thesis is the candidate's own work and contains no material which has been accepted for the award of any degree or diploma in any other institution.

To the best of the candidate's knowledge, the thesis contains no material previously published or written by another person, except where due reference is made in the text of the thesis.

David John Gilchrist

Date

Acknowledgements

It has been both a pleasure and a challenge pursuing this thesis.

I am keen to express my deep appreciation to my colleagues and friends who have consistently shepherded me in pursuing this endeavour. My colleagues at the University of Notre Dame Australia and Curtin University have been supportive, encouraging and humorous at the right time and in the right doses. My friends have been equally encouraging and supportive.

Thanks go to the anonymous reviewers of various conference papers and articles that were developed during the development of this thesis. I also appreciate greatly the support provided by Dr Shane Burke, Scott Bywaters, Elena Douglas, Gerry Kelly, Dr Phil O'Hara, Professor Derek Parkin OAM, Dr Ray Petridis and Jenny Winter who read drafts of this thesis and provided valuable advice and insights.

I also acknowledge and thank my supervisor, Professor Gregory C. G. Moore. Not only has Professor Moore patiently and effectively guided me, and displayed incredible fortitude over the period of this project, he has taught me the value of true scholarship. I am indebted to him and acknowledge that he has given me a gift the considerable value of which is often overlooked in today's society.

Ben, Georgia and Maddie have made sure that I have been kept grounded throughout this long process. Always keen to point out where things that interest them lie—or more often—don't, and always encouraging in the way that only one's children can be.

Finally, I thank Debbie for her constant support and encouragement, not just in relation to this project but always. There is no doubt at all that this thesis would never have been completed had Deb not been there. In every sense she has been the strength that allowed me to finish this work and I appreciate it greatly.

Chapter One - Pragmatism and Ideology in Western Australian Co-operation

“We are distanced from the romantic socialists by the hyperbole and the vagueness of their language, by their persistent idealism, by their propensity for religious and metaphysical speculation, and, perhaps above all, by their confident expectation of the coming of a new world consistent with their ideals”

(Beecher 2001)

I. Introduction

Charles Harper (1842-1912) was a Western Australian pastoralist, newspaper proprietor and influential politician. The central hypothesis advanced in this thesis is that Harper established co-operatives in Western Australia, prior to the Great War, as a means to overcome the economic problems faced by frontier settlements that suffered from the tyranny of distance and inadequate infrastructure. Specifically, Harper believed that co-operatives would contribute to the building of the private and public physical capital needed to settle colonists on the large, variable-quality and low-yielding Western Australian landmass. He further believed that co-operatives would provide the countervailing power needed to oppose the monopolistic enterprises that commonly characterise the incomplete markets in such frontier settlements. It is argued that he was successful in establishing co-operatives for these pragmatic ends because he provided the leadership that was required to persuade potential co-operators that the benefits of working in concert to achieve a common end outweighed the free rider and other costs that arise from working in concert (Olsen 2000 [1965]). This hypothesis is elaborated upon and verified by presenting a biographical account of Harper with an emphasis on what I argue is his primary legacy as a pragmatic co-operative promoter.¹

¹ The idea that agents operating in a frontier economy are guided by pragmatic rather than idealistic considerations may, in part, be traced to the historiographical tradition that dates from Frederick Jackson Turner's (1893, 1921) "Frontier Theory." Turner argued that settlers in frontier environments dispense with their inherited ideologies once they are confronted with the pressures of frontier living, and that American social and economic institutions were the product of pragmatic responses of settlers to frontier challenges. This historiographical tradition subsequently influenced Australian economic and social historians (see Hancock (1930), Alexander (1947), Blainey (1993) and Bolton (2003) p. 32). My treatment of this tradition is more nuanced in the thesis that follows, since although I believe that Western Australian settlers were largely driven by pragmatic responses to frontier problems, I also contend that inherited ideologies were harnessed to induce agents to support and justify these pragmatically derived solutions.

This hypothesis is also supplemented by four related sub-hypotheses. First, it is contended that the utopian co-operative traditions established in Britain to overcome the inequities of the new industrial age in the early nineteenth century were transplanted to Western Australia as accompanying intellectual baggage when settlers arrived in this region. These idealistic co-operative traditions were, however, predominantly drawn upon, by Harper and others, in a rhetorical fashion to induce agriculturalists to work in concert to achieve the far more pragmatic objectives that were sought within a frontier economy. Second, it is argued that Harper's pragmatic approach to co-operation also entailed using co-operatives to support a variation of a policy that Noel Butlin (1959) would later term "colonial socialism". In particular, Harper proposed that co-operatives should be employed as interposed entities between the state and the market to minimise the traditional resource misallocation problems associated with state-led economic development. Third, it is claimed that Harper's pragmatic approach to co-operation also entailed encouraging the state to regulate or displace the monopolistic firms that operated in incomplete frontier markets if co-operators were unsuccessful in establishing countervailing power. Fourth, it is asserted that Harper established a co-operative tradition in Western Australia that was carried on by subsequent generations of agriculturalists, including his son, Charles Walter Harper (1880-1956), via institutions such as Wesfarmers² and Co-operative Bulk Handling (CBH). These later co-operative leaders also used the idealistic co-operative tradition not only as a rhetorical device, but increasingly to justify the monopolistic practices of these institutions rather than to motivate co-operators to join their ranks.

These insights have been overlooked in the secondary literature because Harper's role in the development of the Western Australian economy has largely been neglected. This is partly because his influence as a co-proprietor of *The West Australian* newspaper has been overshadowed by the attention given to his business partner, John Hackett, in this enterprise; partly because he was never a minister in an age dominated by the first premier, John Forrest; partly because his influence in the less understood roles of Chairman of Committees in the

² Throughout this thesis I have referred to this co-operative by its common, modern and popular name of Wesfarmers. I have done this in order to simplify and maintain continuity in my references to this organisation and to emphasise the full and ultimate impact of Charles Harper's important work. In fact, the organisation has had two name changes since its inception. The original organisation was called Westralian Farmers Limited when it was founded in 1914. It then underwent a name change when a legal impediment to using the word "co-operative" in the company's title was removed and so it was renamed Westralian Co-operative Farmers Ltd in 1946. The final name change occurred in 1984 when the co-operative was demutualised and it became Wesfarmers Ltd (Thompson 2014 pp. 62 and 193).

Legislative Assembly, Royal Commissioner and Select Committeeman have been disregarded; and partly because co-operative enterprises have not been seen as central to overcoming colonial economic problems in Western Australia and elsewhere on the Australia continent. The existing publications relating to Harper are consequently thin. F. R. Mercer's hagiographical book, *The Life of Charles Harper of Woodbridge* (1958), is the only biography that has been published. Strangely, O. K. Battye's (1972) otherwise valuable entry on Harper in the *Australian Dictionary of Biography* devotes only a single sentence to Harper's role as a co-operative promoter. The publications directly related to co-operation in Western Australia are also invariably hagiographical and fail to dwell on Harper's contribution to, and the pragmatic nature of, these co-operative institutions.³ It is clear, then, that a gap in the literature exists and it is this gap that I address in this thesis.

This introductory chapter provides the contextual background for the central hypothesis described above; namely, that the settlers of Western Australia faced binding economic constraints that could not be immediately overcome via either government intervention or traditional free market solutions, and that a pragmatic version of co-operation was seen by Harper as a means by which to overcome these constraints. It does not constitute a traditional literature review—even though publications relating to this contextual background are reviewed extensively—since the literature related to Harper's co-operative ventures are considered at strategic points in the thesis itself. The chapter is divided into four sections. In section two, I provide an overview of the early economic development of Western Australia to highlight the economic problems which co-operation was designed to address. In section three, I provide a brief overview of the philosophical inheritance received in Western Australia from Britain and examine this inheritance in the context of the pragmatic-utopian divide that shaped the trajectory of the co-operative movement in the Victorian period. In section four, I conclude with an overview of the thesis itself.

³These histories dwell upon the utopian-cum-romantic grounds for founding co-operative organisations in Western Australia. This issue is considered in more detail in chapter three. See, however, Maisey (u.d.), Beasley (1928), Sandford (1955), Mercer (1955 and 1958), Crowley (1960), Cox (1966), Glynn (1975), Williams (1976), Cullity (1979), Burvill (1979), Zekulich (1997), Smith (1983 and 1984), Ayriss (1999), Goldfinch (2003), Cooper, Moore and White (2004), Bolton (2008), Gilchrist (2009, 2011), Fitzpatrick (2011) and Abbott (2012).

II. Western Australian Economic Growth and the Role of Co-operation

The British Empire established the Swan River Colony in Western Australia in 1829 as a free settlement generally applying the principles inspired by the theorist Edward Gibbon Wakefield and other colonial experimenters (Hasluck 1965). At first a gubernatorial dictatorship, it became, in turn, an oligarchic state (1832), a limited franchise representative state (1870), a self-governing dominion (1890) and, finally, an original state in the Australian federation (1901) (Stannage 1981). Over the same time frame, Western Australia's economy developed from one of subsistence and reliance on government resources to a mixed economy that was integrated with the international economy as a major provider of agricultural and mining products. This process of economic development was, however, sufficiently slow and arduous compared to the rapid growth that took place in the eastern colonies of Australia that Western Australia was commonly described as the "Cinderella Colony".⁴ It was only after the discovery of gold in the Kimberley districts in the 1880s and in the Kalgoorlie-Coolgardie district in the early 1890s that any serious economic development took place.

The singular nature of the slow economic and social trajectory of Western Australia compared to the rapid trajectories in the eastern Australian colonies is often suppressed in the broader histories of Australia. At most, such histories tend to represent this trajectory as a later and smaller replication of the development processes experienced elsewhere on the continent. The extended foundation phase of economic development in the Swan River Colony—some six decades from 1829 to the 1890s—was sufficiently long that I have termed this phase the "Long Stagnation" in juxtaposition to the famous and chronologically similar "Long Boom" of the eastern colonies. The length of this phase is also sufficiently different from that experienced in the eastern colonies that it is a conundrum that warrants considerable further investigation. This narrative, however, is not an economic history of Western Australia, and this conundrum is only addressed here to the extent that it sheds light on why co-operation became strong in the West.

A number of tentative and interrelated explanations have been offered by predominantly Western Australian economic and social historians to explain this conundrum. First, the skill

⁴ The Swan River Colony carried this appellation throughout its first hundred and fifty years of existence. The term has been identified by Gregory and Gothard (2009 pp. 197-198) as one of comfort when the state was financially moribund because it meant that Western Australia was poor relative to its sister colonies in the east, but still dignified and beautiful.

sets and capital imported by the settlers under the land grant system of the initial free settlement were inadequate for the conditions in the Swan River Colony. Second, in line with the Mackintosh-Innes staple theory of development, the Colony struggled to find a staple export of sufficient value to pay for the required imports and necessary funds for capital formation. Sandalwood, whaling and, after the settlement of the Avon Valley in the 1830s, eventually wool were tried, but they were collectively insignificant compared to the voluminous staples of wool and gold available in the eastern colonies. Third, and clearly related to points one and two, the quality of arable and pastoral land is inconsistently dispersed over Western Australia's vast landmass because of its uneven soil fertility and rainfall. The early settlers certainly did not have access to the vast grasslands seen in the western districts of Victoria and sheep runs west of the Blue Mountains in New South Wales. Fourth, the Colony failed to gain a critical mass of population due to two failed private immigration schemes organised first by Thomas Peel, an original promoter of the Colony, and then by the Western Australian Company. The labour shortages were to some extent overcome when convicts were imported into the free settlement in 1850 and this program also injected much-needed capital (Hasluck 1978), but, by 1881, a little over fifty years after establishment, the Colonial population was still only 29,708 (vanden Driesen 1986). Finally, given that the Swan River Colony was the most isolated settlement in the British Empire and given the wide distribution of suitable agricultural land in its vast hinterland, Western Australia suffered more than the eastern colonies from isolation and the problems posed by distance (Blainey 1993 p. i).⁵

These tentative inter-connected explanations effectively amount to the proposition that due to an absence of a high yielding staple in the natural domain, public and private capital was required on a large scale to settle migrants on large and dispersed farm selections. Such capital would allow Western Australia to gain yields comparable to those derived in the eastern colonies. Capital, in the form of bulk handling infrastructure, roads and rail networks was particularly needed to transport large volumes of low value products, such as wheat, over

⁵ For references to the economic problems that befell the Swan River Colony described above, see Shann (1948, chapter 9), Crowley (1960), Lourens (1979), Appleyard (1981), Statham (1981), Statham-Drew (2003), Blainey (1993) and the Western Australian Government (2004). The differences between the staple theories advanced by W.A. Mackintosh (where a staple is an unalloyed blessing) and Harold Innes (where a staple may be a curse if it later prevents a colony from diversifying) need not be considered at this point, since no staple *of sufficient value and quantity* became available in Western Australia until the 1890s. For broad reviews of the staple theory, see Abbott (1965), Schedvin (1979, 1990), Altman (2003) and Pomfret (1981, 2006, 2014). For the nature of the failed free settler migration schemes, see Crowley (1960), Hasluck (1965), Statham-Drew (2003) and Winch (2009).

vast distances within the Colony. For the period of the Long Stagnation, this capital formation was not possible, since capital and labour naturally sought the higher returns available in the eastern colonies. Western Australia's competitive disadvantage was then magnified through time due to the dynamics associated with a laggard economy residing, even if at a significant distance, next to an expanding economy. The settlers in the east faced smaller distances, operated in deeper and more expansive markets, and exploited gains from the division of labour. Trade between the eastern colonies prospered and their expanding economies not only attracted more capital and settlers, but also proved an attractive destination for ships bringing settlers and manufactured goods, as they were able to take return loads of wool and other exports to make the trip more profitable (Blainey 1993).

The industries of the eastern colonies, or Australia Felix, were consequently incorporated into the international economy as the nineteenth century progressed (Kociumbas 2001). The Swan River Colony, by contrast, was condemned to be located at some distance from the established sea lanes. This meant that, for the first 60 or so years, it had virtually no communication beyond the Colony except by irregular mail, and the perishables amongst the Colony's small agricultural surplus could not be transported to external markets by ship due to the rate of spoil at a time before refrigeration was available. Perhaps adding insult to injury, as early as 1830, a number of families from the Swan River Colony began to move to the eastern colonies in order to better their financial prospects (Stannage 1981, Fyfe 1991). An attempt was made to facilitate commerce and to improve mail services by inducing ships *en route* to Sydney or Hobart to stop at Albany on the south coast of Western Australia, but this made no substantial difference to the West's competitive disadvantage. The future Lord Salisbury even failed to stop at Albany when he sailed from Cape Town to Port Phillip in 1855 on a tour of the Empire, preferring not to be delayed (Roberts 2000). The net result of this sorry state of affairs, and a net result that will be elaborated upon throughout this thesis, was that the isolated settlers who remained in Western Australia had an incentive to co-operate in order to overcome the lack of both private and public capital, and to cope with the market failures that characterise thin and incomplete markets in frontier environments.

The Long Stagnation in the Western Third finally came to an end via the ill-fated gold rushes in the Kimberley districts in the 1880s and the far more important discoveries of gold in the Kalgoorlie-Coolgardie district in the early 1890s. Western Australia was finally provided with the long sought after high yielding staple. It also fortuitously coincided with the end of

the Long Boom in the eastern colonies, where a speculative land bubble, centred on Melbourne and to a lesser extent Sydney, ended in a series of bank runs over the period 1888-93. The sudden shift in relative rates of return saw an influx of capital and labour into the Colony. The population grew by 270%, from 49,782 to 184,124, between 1891 and 1901 (vanden Driesen 1986). For the reasons cited above, these immigrants were initially predominantly people from the eastern colonies, who were known as “T’othersiders”. The life experienced on the goldfields was harsh, but returns were high and people lived in denser settlements than their rural counterparts, who continued to live in primitive, lonely conditions and in a hand-to-mouth fashion.⁶ Above all else, the gold discoveries provided the much needed tax revenues as well as credit worthiness allowing the government to borrow on the promise of future tax revenues, to fund the capital formation needed to develop the Colony.⁷

The political and commercial elite who dominated Perth decided to fund public capital formation in the gold mining sector and an expanded agricultural sector simultaneously. At considerable expense, a deep water port was built at Fremantle, a pipeline was built from Mundaring to Kalgoorlie to provide water to the goldfields, telegraph lines were laid down, and a railway network that fanned out from Perth to Geraldton, Kalgoorlie and Albany was constructed. Agricultural development was, however, the primary long run objective of government since the mining boom was considered to be impermanent. This was confirmed by the 1887 Royal Commission into Agriculture, on which Harper sat as a committee member and which reported in 1891 (*The Inquirer and Commercial News* 2nd December 1891, Bolton 1990). The agriculturist was considered to have a real stake in the land, and agriculture itself was seen to constitute the future of economic prosperity of the country. Self-sufficiency in agricultural produce was also considered a national imperative. Indeed, in an age before Gross Domestic Product (GDP) and other such indices were used to measure economic growth, the key economic development indicator was the area of land under tillage from year to year (Butlin 1959, Spillman 1989). The goal was therefore to establish a “bold yeomanry” on the land by retaining in Western Australia as many of the miners as possible when the gold ran out and by subsidising migrants from Britain (Crowley 1960).

⁶ The lists of suicides in McIntyre’s *Suicides and Settlers* (2008) highlights the problem of loneliness and poor living conditions, with apparently little sign of respite for some.

⁷ For the gold boom, see Butlin (1959, 1964), Crowley (1960, chapter 5), Casey and Mayman (1964), Appleyard (1981), Webb and Webb (1993), Government of Western Australia (2004) and Gilchrist (2013). For the end of the Long Boom and the speculative bust of 1888-1893 in the east, see Shann (1948, chapters 17-19), Butlin (1964), Cannon (1966), Davison (1978) and Boehm (1993).

The government decision-makers who embarked upon this agricultural development policy seriously overestimated the number of settlers who could be placed on the expansive Western Australian landmass because they did not appreciate the extent of its uneven fertility and rainfall. They also underestimated the amount of public capital that was required to establish the townships, build the public infrastructure and connect the interior farmlands with port facilities. Thus, even though there was a rapid increase in acreage under tillage, especially in wheat, from the 1890s through to the early 1910s, there were also wild variations in output due to poor seasons in the recently settled and little understood regions that extended beyond the boundaries of the older settlements. The agricultural communities remained small, isolated and far from public and merit goods well into the twentieth century. At the same time, refrigeration became available, shipping became faster and more plentiful and European markets began to be accessible, even from distant Western Australia. The policy objective of diversifying away from a single staple of value was therefore, at great cost, achieved.⁸

This singular economic trajectory partly explains why co-operation figured so prominently in Western Australia. The settlers who remained in the Colony throughout the Long Stagnation faced an absence of public capital and the incomplete markets that characterise struggling frontier communities. As codified by Olsen (2000 [1965]), the benefits arising from working in concert to overcome the associated obstacles, were so clear and great, while the shirker and free-rider were so easily identified and shamed, that agents in small communities spontaneously co-operated to achieve shared ends without the need for state intervention (for Western Australian examples of this effect, see *The Perth Gazette and Western Australian Journal* 26th October 1833 and 19th October 1839). Paradoxically, the need to spontaneously co-operate became even more urgent during the boom years following the discovery of gold. The gold rushes were so sudden and the subsequent policy of developing agricultural districts so ambitious, that miners and settlers were invariably left to their own devices in a vast expanse with neither complete markets nor public infrastructure. They often had little choice but to co-operate to achieve a common end. Indeed, as it will be shown later in this thesis, the state soon realised that it was only through co-operative enterprises that such ambitious

⁸ For agricultural policy and capital expansion, see Crowley (1960 chapters 4-6), Glynn (1975), Burvill (1979), Spillman (1989), Zekulich (1997) and Devenish (2014).

development goals could be achieved, and thereby began to provide funding and legislative support for their formation.

The important role of both spontaneous co-operation and more formally established co-operative institutions in Western Australia's economic history has not been given sufficient attention in the secondary literature. Occasionally there is a passing reference to the famous capacity of the first miners on the Kalgoorlie-Coolgardie fields to co-operate in a peaceful and productive fashion prior to the arrival of the public officials and the building of infrastructure. As related by Crowley (1960 p. 90), there was little violence, very nearly no bush ranging and much association amongst the diggers to achieve mutually beneficial ends. There were, for instance, stop work meetings called "Roll Calls" that were formed by the beating of a can and which were used to administer law, banish the few transgressors from the fields, and make requests of the distant central government. These stories of spontaneous association signal the reasons for successful co-operation in the nineteenth and early twentieth centuries in Western Australia, but they do not convey the significance of co-operation for the economic development of Western Australia.⁹ Such stories also give rise to the question of who provided leadership to induce these frontier men and women to transform small and unplanned co-operative operations into more formal co-operative institutions.

It is contended in this thesis that Harper was instrumental in establishing co-operative institutions in Western Australia. He believed that they were means by which agents could collaborate to form capital, especially bulk-handling and transport capital; to remove moral hazards associated with direct government intervention in the economy; and to ensure that middlemen, in the form of merchants, were not able to corner the profits of production that were rightly those of the hard-working, risk-taking agriculturalist. It is further argued that Harper was primarily instrumental in the second of three phases identifiable in the development of co-operation in Western Australia. Specifically, in the first phase, between 1829 and 1890, unsuccessful experiments in co-operative institutions were undertaken, but with little understanding and haphazardly; in the second phase, between 1890 and 1910, the co-operative institution was accepted as a solution to the economic problems of the day and legal and other infrastructure to support such institutions was put in place; and in the third phase, between 1910 and 1930, co-operative institutions of substance were established,

⁹ Note, however, that Crowley (1960 p.211) comments on the importance of co-operatives for the development of Western Australia in the 1920s, rather than the main period under review in this thesis.

particularly during and immediately after the Great War. It should also be noted that, although the second phase is obviously most relevant to this thesis because of Harper's role in co-operative formation prior to his death in 1912, some analysis of the third phase is nonetheless undertaken to identify Harper's legacy.

III. The Imperial Inheritance and Pragmatic Co-operation

Western Australia's provenance and place in the British Empire meant that it inherited many British institutions, including educational traditions, the dominant Christian culture and, ultimately, the Westminster system of government. Importantly, this inheritance ensured that the colonists participated in the great ideological debates of the time. Liberalism, radicalism, socialism and other social, political and economic ideologies shared the national discourse with arguments pertaining to churchmanship, democracy and republicanism. This imperial bequest also included the co-operative thought that was used to help overcome the economic constraints described in the previous section. Co-operative thought arrived directly from Britain as part of the intellectual baggage that accompanied the colonists who arrived during the Long Stagnation, and indirectly from Britain as part of the intellectual capital held by those T'othersiders who fled the collapse of the Long Boom in the east for the Kalgoorlie-Coolgardie goldfields in the 1890s.¹⁰ This bequest of co-operative thought was also facilitated once communications improved sufficiently to allow the latest co-operative literature to be easily transferred from Britain to Western Australia.

The Western Australian settlers were, in short, pre-disposed to embrace co-operative methods and institutions to overcome the economic and social problems that they faced. They not only had an economic incentive to draw upon co-operation in a spontaneous fashion, but also an intellectual or ideological pre-disposition to consider co-operative solutions to the problems of a frontier economy. Furthermore, these two motives were inter-connected, since individuals who have a prior intellectual or ideological commitment to co-operative effort will invariably make co-operative action more economically viable due to the way that such a commitment mitigates the moral hazard and adverse selection problems that invariably plague group exercises. The fact of the matter is that settlers, who had already been exposed

¹⁰ The "T'othersider" migrants from the eastern colonies, particularly from Victoria, were more disposed than usual to co-operatives as, due to the high cost of fares to Australia relative to America in the 1850s, they were predominantly members of the aristocracy of labour and the skilled trades, such as stone masons and carpenters (Moore 2011). These migrants were more likely to have been exposed to co-operative thought in Britain and to see the wisdom of working in concert for a common end.

to secular Owenite co-operative thought or the Christian socialist idea of the advantages of building the Kingdom of Christ on earth through co-operatives, were more likely to forgo the short-term material gains that arise from exploiting co-operative efforts.¹¹

The precise intellectual framework relating to co-operative enterprises that was inherited by the Western Australian Colony is described in detail in chapter three of this thesis. It is sufficient here to state that it was a mutable and complex body of thought that was a product of an institutional evolution that occurred over the nineteenth century. This evolution entailed a movement from a predominantly utopian vision of producer co-operatives, associated first with Robert Owen and then the Christian socialists, to a more pragmatic vision of consumer co-operatives associated with the Co-operative Wholesale Society (CWS). The former entailed the transformation of the industrial economy and human character to create a more civilized and equitable world, while the latter entailed distributing profits to the members of a consumer co-operative within the world that then existed. Although the long-running debate over whether to pursue utopian objectives or pragmatic objectives drove the trajectory of co-operatives in the Victorian era, it should be emphasised that both utopian and pragmatic elements existed at all points in historical time. It is also important to note that the goal of all British co-operators, whether utopian or pragmatic, was to overcome the inequities and de-humanising nature of the new industrial age.¹²

This pragmatic turn in the British co-operative tradition was magnified when it was transferred to the Antipodes. This more pragmatic colonial bent was primarily due to the aforementioned extreme frontier circumstances in which the settlers found themselves, especially in Western Australia during both the Long Stagnation and the rapid expansion following the gold boom in the 1890s. In other words, the Western Australian colonists were not primarily striving to overcome the de-humanising and inequitable nature of the new

¹¹ In economic terms, bounded-rational agents are more likely to use a low discount rate for identifiable future benefits (including those that accrue to others if they have been raised to possess inter-dependent utility functions) if these future benefits are clearly mapped out to them via education. Note, however, that this works both ways. If the potential co-operators become aware that the co-operative project may fail—and many of them did fail to prosper in Britain in the 1850s—then they are more likely to use a high discount rate for the lower identified future benefits, and either refuse to participate in the co-operative or undertake moral hazard actions within the co-operative enterprise. In short, agents are more likely to join a team if they believe it is likely to win.

¹² See chapter three for an extensive literature review of co-operative thought, but for broad studies of British co-operation, see Bonar (1905), Holyoake (1908), Cole (1951), Cole and Postgate (1971), Bonner (1961), Butt (1971) and Backstrom (1974).

industrial society of Britain by envisaging idealistic alternative arrangements of society, but were instead seeking pragmatic solutions to immediate and pressing economic problems associated with survival. It was a case of trying anything that worked without worrying too much about the philosophical justification for the action. This practical and hard-headed disposition is such a sufficiently self-evident response to the immediate environment that the colonial Australian predilection for pragmatism on most issues, not just co-operation, has already been identified in the secondary literature.¹³

This pragmatic outlook was also identified by people observing the Australian colonies at the time. Sydney and Beatrice Webb and numerous other commentators visited the Australian colonies throughout the nineteenth century to determine what the colonial experiment in a more egalitarian society signalled for the future of human kind (Pember Reeves 1969 [1902]). It was, however, the meditations of the French national Albert Metin, described in his book entitled *Socialism without Doctrine* (1977 [1901]), that most adroitly identified this pragmatic aspect of Australian culture. Metin was never enamoured with theoretical socialism and his visit to the Southern Hemisphere marked his break with the formally articulated socialist models in favour of the principle of action that yielded useful results. After traversing the Antipodes in 1899 on a fact finding mission, Metin (1871-1918) recognised that Australasia led the world in terms of universal adult enfranchisement, social security and support, as well as in education. The region was also famous for experiments in communal living, forms of mutual organisation and state socialism (Pember Reeves 1969 [1902], Green and Cromwell 1984, Mathews 1993).¹⁴

Metin's phrase "socialism without doctrines" neatly summarises the underlying pragmatism of Western Australian co-operation and, in particular, the pragmatic co-operation that was

¹³ See, for instance, St Ledger (1909), Sandford (1955), Mercer (1955), Butlin (1959, 1994), Metin (1977 [1901]), Pember Reeves (1969 [1902]), Coghlan (1969), Glynn (1975), Green and Cromwell (1984), Forrest (1996), Brown (1996), Ayris (1999), Frost (2000), Goldfinch (2003), Bolton (2008), Hetherington (2010), Gilchrist (2009, 2011), Abbott (2012) and Devenish (2014).

¹⁴ *Socialism without Doctrine* was first published in French in 1901. The translation used here was undertaken by Russell Ward. This work was of such a substantial nature that the famous Australian economist and economic historian Edward Shann is said to have relied on it extensively for his seminal *Economic History of Australia* (Metin 1977). In addition to contributing to a number of ministerial and other reports in his substantive roles as a bureaucrat in the French government, Metin also contributed to a number of volumes, including Lavissee and Rambaud's *General History* (L'Histoire Generale), which was progressively published in the first decade of the twentieth-century. He also published both *Transformation of Egypt* and *India Today* in 1903. His Anglophile *British Columbia*, based on his thesis submitted for a Doctorate of Letters, was published in 1908.

championed by Harper. It nonetheless should be remembered that the idealistic or utopian objectives, together with their philosophical underpinnings, were still held or half understood by many of the colonial co-operators. As part of their intellectual heritage, it almost certainly underpinned many of the pragmatic acts undertaken. The co-operative leaders also used utopian rhetoric, often by making references to the Owenite vision or Christian ethics, to recruit individuals to join and maintain co-operative enterprises, and later, to defend the privileges of the established co-operative institutions from government scrutiny and regulation. Finally, the colonial pragmatic turn of mind was partly displaced by a more philosophical bent as the economic outlook of the country improved. As time passed and the focus on survival dissipated, the leading social and educated classes in Western Australia became more preoccupied with political, social and economic ideologies.

Colonial pragmatism was therefore dominant but not pure. Instead of a binary opposition between pragmatism and idealistic philosophising, there was a mix in which pragmatic goals were prioritised, idealism provided latent underpinning of support to achieve these goals, and idealistic rhetoric was used to rally those doubters who believed the goals were beyond reach. Evaluating Harper's thought and work by attempting to place him in one camp or the other—pragmatist or ideologist—is therefore a matter of emphasis rather than dichotomy. The extent to which ideology or pragmatism induced both Harper and his followers to develop agricultural co-operation in Western Australia is an issue that is returned to repeatedly in this thesis.

IV. The Organisation of this Thesis

The central hypothesis is that Harper promoted co-operatives to enable settlers to overcome the economic obstacles that they faced in a frontier environment. This hypothesis is explored in six chapters by considering his speeches, his limited writings and the record of the various parliamentary committees and other fora in which he participated. After providing a biographical context for his ideas (chapter two), I order my narrative around the four sub-hypotheses outlined at the start of this chapter; namely, that Harper exploited the utopian co-operative tradition inherited from Britain to support a pragmatic form of co-operation in a frontier environment (chapter three); that he used co-operatives to support a state-led development policy which resembled colonial socialism (chapter four); that he believed the state should take over or displace the monopolistic entities that populated the frontier

economy if the co-operatives were unable to engineer sufficient countervailing power (chapter five); and that his legacy was carried on after his death by many people, including his son, Charles Walter Harper (chapter six). The narrative predominantly relates to the period from 1890 to 1910, since that is when Harper was most influential and co-operation as a means to solve Western Australian problems was first considered in any significant way. A more detailed outline of the chapters follows.

In chapter two, I provide an overview of Harper's life to give some context to his thinking. His life is central to the establishment of co-operation in Western Australia and central to the story of Western Australia itself. He was born in 1842, just 13 years after the Colony was established, and died in 1912. His life therefore spanned both the Long Stagnation following the first settlement and the first major boom following the establishment of the gold industry in the 1890s. Harper's vision for Western Australia was not realised during his lifetime, but it loomed on the horizon by the time he died. I provide a balanced description of Harper's life to flesh out this vision and, in the process, redress the imbalance that defines the existing representations of his life, particularly the hagiographical account in the only comprehensive biography by Mercer (1958). I also seek to bring Harper's life and contribution out of the sidelines, to which he has been relegated by more recent historians, and into the central narrative arc of Western Australian history. Finally, although his co-operative thinking is explored in other chapters, I have also used this chapter to demonstrate the qualities that Harper had—both good and bad—that allowed him to successfully contribute to a range of fields, including pastoralism, commerce, politics, and education.

In chapter three, I review the different British co-operative traditions and the Victorian debate between the utopian and pragmatic co-operators in order to determine the intellectual and institutional heritage upon which Harper was drawing. This historical review of co-operative thought is particularly important, since Harper did not exhaustively enunciate, either verbally or in writing, all of his thoughts on this subject. Indeed, some aspects of his co-operative vision may only be inferred by examining the only realised co-operative entity that he championed. This review is also needed because Harper was both drawing upon the British traditions and departing from them. Specifically, he wished to use co-operation not to redress the inequities of industrial Britain, but to solve the problems associated with survival and development in a frontier environment. His main contributions to the co-operative movement,

particularly the various institutions that he was instrumental in bringing into existence, are listed and analysed.

In chapter four, I consider Harper's support for a variation of the state-led growth policy that has since been termed "colonial socialism". The rich literature and traditions relating to Australian colonial socialism are analysed to determine the extent to which Harper's prescriptions for the government's role in directing the economy were in any way unique. I focus, in particular, on the way that Harper sought to minimise moral hazard, information failure and public-choice style problems associated with the government provision of capital by using private entities and institutions, particularly co-operatives, as intermediaries in the provision of this capital. It will be shown that Harper wanted the government's role to be largely restricted to the deployment of funds and for it to be kept at arm's length from the construction and operation of the capital wherever possible.

In chapter five, I consider Harper's work in the light of what J. K. Galbraith would later term "countervailing power" and seek a rationale for Harper's objectives when responding to the various internal and external challenges facing Western Australia. Harper's primary goal was always to boost economic development by advancing the interests of agriculturalists. The countervailing power provided by co-operatives was instrumental to that end because an adequate return for the families on the land could only be achieved within incomplete frontier markets if the isolated farmers could check the original economic power of monopolistic upstream and down-stream providers. It is also contended that Harper proposed that, if this countervailing power could not be engineered to check the original economic power of the monopolistic firms, then the state should take over or displace these monopolistic firms.

In chapter six, I shift my focus away from the chief pillars of Harper's thought—namely, capital formation via government funded co-operation and countervailing power via co-operation—to a review of Harper's legacy, particularly in the period from his death in 1912 to 1930. It is contended that, although Harper demonstrated the wisdom of co-operation in the early 1900s, the most successful co-operative enterprises, such as Wesfarmers and Co-operative Bulk Handling, were established during the period commencing with the Great War and ending with the Depression, partly under the leadership of his son, Charles Walter Harper. It is further contended that the actors who inherited Harper's legacy abandoned a number of policy prescriptions that Harper had proposed in order to prevent the misuse of

government aid and to combat monopolistic exploitation. To that end, I describe, albeit briefly, the increase in government debt that arose from the financing of group settlements, transport infrastructure and grain handling infrastructure, for which a negative return was ultimately achieved. This chapter serves to emphasise the importance of the checks and balances that Harper pursued by demonstrating the effects of their absence.

Overall, in this thesis I seek to redress the lack of attention afforded Harper in the secondary literature to date, to evaluate his significant contribution to the economic development of Western Australia and to explicate the conceptual framework that guided his actions. There is no doubt that Harper made important contributions to Western Australian society for over forty years. His legacy is great, not just in relation to co-operation and economic development, but also in the areas of social development, scientific farming, education, sport and religion. His full and productive life, however, is not properly recorded in the received historical narrative of Western Australia and so this thesis serves to fill that gap in the documented history of this region.

Chapter Two - Frontier and City: Charles Harper's Life

"...the contribution he made to an empty land was largely due to the way in which his particular ambitions and ability meshed with the trends of the times."

(Durack 1967)

I. Introduction

C. T. Stannage (1979 pp. 190-191) described Charles Harper as "a deeply conservative, Anglican farmer, pastoralist and company director" and argued that he was an anti-democrat who bought *The West Australian* merely to use it as an instrument for "country and conservative opinion". This is a somewhat unbalanced synopsis of Harper's political philosophy, but one that hits upon the key themes that are explored in this chapter. The Harpers were members of the elite class within the Colony of Western Australia and Harper worked all his life to preserve this special position and influence in order to protect his economic interests. These interests drove his policy prescriptions and, like most patricians, he was unable to separate his interests from those of the Colony, since to him they were one and the same. He believed that the means by which to transform an isolated and poor colony into a rich agricultural society was to harness the co-operative efforts of all citizens, as well as the guiding hand of the state, to overcome the frontier problems caused by a lack of capital and incomplete markets. The fact that he established business and political interests during this agricultural expansion that were of personal benefit to him does not preclude the possibility that he also served his fellow colonists more often than not.

This chapter is devoted to providing the context for Harper's economic policy prescriptions, particularly those relating to co-operative enterprises, by providing an account of his life and times. The life of Harper has been traced in one biography (Mercer 1958), which was hagiographical in nature and published by the Western Australian Farmers Co-operative Printing Works in Perth. It was written three years after a biographical account of the activities of Harper's son was published (Sandford 1955) and during a time when Western Australia's primary industries were its most important economic activity, agricultural co-operation was at its apogee and Western Australia was the least industrialised of the Australian states (Crowley 1960, pp. 348-355). It should therefore be no surprise that Mercer's (1958) biography focuses on Harper's role as an agricultural co-operator and places

him at the centre of state economic development. This less than balanced biography praises Harper's life decisions to a level that, to the modern reader at least, is almost uncomfortable.

In complete contrast to Mercer's early celebratory approach to Harper's life, Western Australian historians have since placed both Harper and his family in cameo roles, introducing them as the colleagues, comrades, companions and supporters of other characters of more importance. The Harpers seem to be seen by these historians as, at most, supporting actors for the more notable historical figures and simply witnesses of the larger historical processes going on around them. Charles Harper himself is mentioned briefly in general histories of Western Australia,¹ and in those histories relating to religion, society and education,² politics,³ exploration,⁴ development,⁵ and agriculture.⁶ Even in histories pertaining to his enduring passion—that of agricultural expansion in Western Australia—he has barely rated a mention (Goldfinch 2003, Fitzpatrick 2011). Sometimes, he is not mentioned at all but, rather, his presence or contribution must be inferred by reference to his family (Shann 1925).

As such, although Harper's activities ranged over just about every aspect of Western Australian development—economic, social and political—and although his contribution to Western Australia was extremely significant, he has not been recognised to any great degree in Western Australian historiography. This lack of balance in the modern secondary literature may be due to any number of reasons. It is possible that Harper has been over-shadowed by bigger characters—such as Hackett and Forrest—or, as mentioned in the introduction to this thesis, it may be due to historians underestimating Harper's contribution to policy formation via his role in the less understood positions of Royal Commissioner and Chairman of Committees. It is equally plausible that, unlike Mercer, those modern historians who are

¹ See Crowley (1960), Durack (1967), Robin (1976), Erickson (1974, 1978), Udell (1979), Stannage (1979, 1981), Battye (1979), de Burgh and de Burgh (1981), Cowan (1988), Sharp and O'Hara (1992), Webb and Webb (1993), Forrest (1996), Brown (1996), Hunt (2000), Bolton (2000, 2008), Erickson and Taylor (2006), de Burgh (2008) and Buchanan and Buchanan (2009).

² For religion, society and education, see Hawtrey (1949), Alexander (1963), Stannage (1979), Fletcher (1982), Honniball (1991), White (1996) and Holden (1997).

³ For politics, see Bolton and Mozley (1961), Cowan (1988), Black and Bolton (1990), Bolton (1991), Black and de Garis (1992), Webb (1993), Black and Mandy (1998), Crowley (2000) and Bolton (2008).

⁴ For exploration, see Nairn (1985). Brooker (2006) also described the exploratory expedition undertaken by the Dempster brothers, Clarkson, Harper and Correll in July and August of 1861, but suppresses the importance of Harper's role somewhat. Admittedly the incomplete historical record prevents a more significant description from being provided, but the fact remains that Harper is relegated to a supporting role here too.

⁵ In relation to development specifically, see Webb (1993).

⁶ For agriculture, see Burvill (1979), d'Espeissis (1993) and Abbott (2012).

removed from the co-operative era in Western Australian agriculture have failed to appreciate the role that co-operation (and therefore Harper) played in the development of the State. Finally, it is likely that some part of this neglect is self-imposed, since Harper invariably understated his own contribution (*The Daily News* 22nd April 1912). Indeed, this may explain the paucity of primary evidence relating to Harper's life, which is perhaps still another reason for his relegation to a supporting role.⁷ Whatever the cause of this neglect, it does not justify historiographical decisions such as making a single reference to Harper as chairman of the Agricultural Bureau—which was designed, championed and implemented by him—in the corporate history of the Bureau's successor, the Western Australian Department of Agriculture (Fitzpatrick 2011).

It is therefore necessary and useful to examine Harper's life in a more balanced way. A biographical sketch of this nature also conveniently provides the context necessary to comprehend Harper's economic thought, which is examined in chapters three, four and five. It is shown that the influence of Harper's immediate family and the struggles that he experienced in his early pioneering years in a frontier environment gave him an overriding sense of pragmatism, an appetite for hard work, and a firm belief that all obstacles to economic development could be overcome. To this end, the chapter is divided into nine sections. In section two, I examine Harper's childhood, education and the influence of his parents. In section three, I review the way that Harper accumulated knowledge about Western Australia's geography and prospects in his young adulthood. In sections four, five and six, I consider Harper's significant commercial interests, his role in politics and his contribution to scientific farming respectively. In section seven, I review Harper's religious views and civic roles and, in section eight, I consider his attitudes to Aboriginal dispossession. In section nine, I provide concluding remarks.

⁷ See for instance the diaries reproduced and annotated in Burton and Henn (n.d.), Hillman (1990) and O'Brien and Statham-Drew (2009).

II. Building a Foundation

(i) Harper's Earliest Years

Charles Harper was the third child and only son of Charles Harper Senior and Julia Gretchen Harper (nee Lukin). He had four siblings⁸ and was born near Toodyay,⁹ east of Perth, in 1842, just 13 years after the founding of the Swan River Colony on the south-western coast of Australia (Mercer 1958, Battye 1972, Udell 1979). His father had arrived in the Colony on Boxing Day in 1837, merely eight years after the arrival of the original settlers under Governor James Stirling. Harper Senior was aged 38 years and had recently married Julia, who came from a family—the Lukins—that had close connections with the Harpers back in England and which had considerable influence in Western Australia (*The West Australian* Saturday 13th August 1898). Charles Harper Junior was to grow up in a household that was religious, influential and attached to the land, but which suffered the effects of economic stagnation and isolation. These were the foundational elements that formed his character and focused his activities for the rest of his life.

Harper Senior was unable to establish himself in his calling as a barrister due to the lack of demand for such services in the new Colony and so he turned to farming in what is now the Toodyay area. The farming property, Nardie, was leased in 1839 until about 1855, initially from James Lloyd (1798-1844) (Erickson 1974). It appears that Harper's lack of farming knowledge and recent arrival in the Colony meant that he had paid too much in terms of annual rent on the lease (Erickson and Taylor 2006, pp. 61-62). He earnestly pursued a living as a farmer, but was relatively unsuccessful in this endeavour. Indeed, his religious devotion, education, lay preaching and close association with Reverend J. R. Wollaston, Archdeacon of

⁸ It is extremely difficult to identify all of Harper's siblings as there are differing reports of some of their names and dates of birth and death, while others are simply not mentioned in the literature. The task of identifying these offspring is made harder because the primary narratives tend to use honorific titles and surnames without mention of the Christian name. Mercer (1958, p.1) reports that Harper only had three siblings, but does not name them. Erickson (1974) reports that the second Harper child, Isabella, died in 1840, whereas the Battye Library web summary for the family records reports that Isabella died in 1839. Both sources agree that she was born in 1839. Frustratingly, the Register of Births, Deaths and Marriages is silent on the matter, as records are not available for the period before 1841. Perhaps Mercer either did not know of, or ignored, Isabella due to her short life. The Western Australian Register of Births, Deaths and Marriages records the lives of Julia (the eldest—1838 to 1889), Charles Junior and the focus of this thesis (the fourth—1842 to 1912), and Sarah (the fifth—1844 to 1928). Julia is also mentioned in the *Inquirer and Commercial News* (24th July 1889), which reported her sudden and unexpected collapse and death at the relatively young age of 51 years. Mary (the third sibling), who is also mentioned in the Wittenoom Diaries (O'Brien and Statham-Drew 2009), appears to have taught Sunday School for over fifty years in the Anglican communion and was recognised for devoted service at the 13th Synod of the Church of England (Mercer 1958, pp.5-6).

⁹ The original site of Toodyay was abandoned after floods and the inhabitants moved the town to safer ground and renamed it Newcastle in 1860. Newcastle was then renamed in 1910 to become the present day Toodyay (Erickson 1974, Erickson and Taylor 2006).

the Colony, seemed to suggest that he was more vocationally suited to the life of a priest than a farmer (Henn 1954, Udell 1979, p. 161).

Harper Senior's religious observance and the spiritual leadership he provided as a lay preacher within the local community enabled his name to be put forward for ordination, notwithstanding his lack of training and the paucity of supervision (Erickson 1974, p. 34). He was duly ordained in Adelaide in 1849 by Bishop Short—12 years after his arrival in the Colony and in his 50th year (Henn 1954, Mercer 1958). Bishop Short's See comprised the Western two thirds of the Australian continent, incorporating the South Australian Colony, what is now the Northern Territory and the Swan River Colony. Wollaston was appointed by Short to the position of Archdeacon for Western Australia in 1848 and it was Wollaston who was instrumental in seeing Harper Senior ordained a year later (Alexander 1957, Williams 1989). The Reverend Harper was duly appointed Chaplain to the Parish of York and the Valley of the Avon, a geographically enormous, but sparsely populated parish that was located to the east of Perth, just over the Darling Ranges.¹⁰

There are many references in the travel journals kept by Archdeacon Wollaston and Bishop Short highlighting the fellowship and religious observance enjoyed at Nardie and undertaken for the benefit of the Harper family and the wider community. These references are evident in the period before Reverend Harper was ordained (see the *Wollaston Diaries*: Henn 1954, Mercer 1958, pp. 2-5). It is therefore not a great surprise to find that Reverend Harper gained considerable respect for his commitment to his parish and his capacity for fulfilling the pastoral needs of a very small, but geographically dispersed flock (*The Perth Gazette and Independent Journal of Politics and News* 23rd May 1851). Further esteem was no doubt also earned through his demonstration of community-mindedness when he made donations of such things as a chalice and paten to the new churches being built beyond his district (Erickson 2010, p. 27).

In time, the lack of training and difficulty in supervising Reverend Harper (an endemic problem for the Anglican Church leadership in Australia) ensured that his benefactor's good

¹⁰The careful reader would have noticed by now that there are three Charles Harpers in this narrative. The Charles Harper who was the father of the subject of this thesis and who became an Anglican clergyman; the Charles Harper who was the politician and co-operator, and—importantly—the subject of this thesis; and the Charles Walter Harper who was the latter's son and a co-operator in the 1920s. To avoid confusion, these individuals will hereafter be respectively referred to as Reverend Harper, Charles Harper or Harper, and Walter Harper.

opinion of him was not unalloyed. Shortages of prayer books and the excessive workload required in the parish induced Wollaston to warn Short that there was some way to go in establishing York as a successful parish (Williams 1989, p. 141). The Archdeacon also began to have some reservations about Reverend Harper's capacity in the role, especially given his ordination later in life. Specifically, the Archdeacon was concerned as to Reverend Harper's lack of pastoral experience (Henn 1954 p. 219). Reverend Harper died in 1872 after serving the parish at York and later the parish at Northam (Hawtreay 1949). Julia, Harper's mother, died in 1898, having received many accolades from within the Church and the Community for her tireless efforts in supporting her husband's ministry and also for teaching and making a social contribution in her own right (*The West Australian* 13th August 1898, Mercer 1958, Alexander 1957, Sandford 1955).

Julia Harper's personality and beliefs are insufficiently described in the Harper Family Papers (HFP) and the secondary literature to determine the effect she had on her son's life. *The West Australian*, in reporting her death, described her as a grand-daughter of Lionel Lukin,¹¹ the famous inventor of the lifeboat, and provided some desultory commentary on her personal history. The anonymous report then strangely devoted about half of the column to Reverend Harper's life. Reflecting the patriarchal nature of colonial society, Julia was obviously seen to be the supportive companion who assisted her husband in his activities. She is presented as having virtually no public life of her own (*The West Australian* Saturday 13th August 1898). Reverend Harper is, for this reason and perhaps unfairly, alone credited with forming Charles Harper's good character.

The evidence nonetheless supports the view that Reverend Harper did pass on to Charles Harper a respect for hard work, a simple but profound sense of religion, confidence in himself and his family, and the social connections that would be of great importance to him in his life. For instance, the parliamentarian and socialist T.H. Bath, who only came to know Harper in 1902 when the former was elected to the Legislative Assembly in a by-election, conveyed in a letter to Harper's family following Harper's death in 1912, that the source of Harper's leadership qualities was the "many quiet talks [with his father]...in the orchard, farm and home" (HFP 3706A/16). It was in this way, rather than in a financial capacity, that Harper Senior provided the foundations for his son's successful life.

¹¹ The name is incorrectly spelt Luskin in the article.

(ii) The Harpers as Members of the Colonial Elite

At the time of Charles Harper's birth in 1842, the Swan River Colony was economically depressed and socially confined (Gilchrist 2011). The colonists worked hard to be an important outpost of the British Empire, but with little success. The lack of a staple of sufficient value and the great distances within the Colony and beyond it, together with enduring economic stagnation, served to ensure Western Australia remained isolated and unattractive for the majority of the nineteenth century. Even the mail ships, the life blood of a colony hungry for political and trade news of the rest of the world, would not condescend to land at the Colony's principal port of Fremantle. They preferred instead to land at Albany, on the far south coast, in order to save time on their route to the more important eastern colonies (Blainey 1993).

Landholders and merchants became the leading figures of the Colony and the political system reinforced their position by restricting political participation to members of those classes judged to have a stake in the land. The size of this stake was determined by the value of their landholdings and the opinion of their fellows (Crowley 1960). There was a stratified class structure in place from a very early time and great variation in the financial capacity of one farming family compared to the next (Glynn 1975). This tended to reinforce the class structure, as poorer farming families saw their salvation in the political and social capacity of their class compatriots who were on the "inside". Paul Hasluck (1928, p. 12) indicates that, until the 1860s, the large landholders were addressed as "squire" and, while this practice might have died out by mid-century, the lack of material progress in the Colony ensured that the status and social arrangements remained until the breaking of the Long Stagnation at the end of the century. Additionally, the "old" families continued to retain a certain precedence over "T'othersiders" and other newer families as the century progressed and even into the new century (Shann 1925).

The Harper family was part of this elite. Reverend Harper had already married into the Lukin family prior to arriving in Western Australia and retained networks that had been established in England and extended in the Antipodes. The small population and the Long Stagnation prior to the gold rushes provided the stable social structure that allowed the colonial elite to achieve a social and political hegemony within the Colony that matched its economic dominance. Central to this structure was the importance of family, family-in-law, and friends and acquaintances in gaining preference and establishing careers (Brown 1999). The entries

in the various journals and other primary evidence show that the Harpers moved in social circles which included the Lefroys, the de Burghs, the Lee Steeres, the Dempsters, the Lukins (to whom Harper was related via his mother), the Moores, the Padburys, the Clarksons, the Viveashs and the Wollastons.¹² Each of these families held significant landed and commercial interests, were often involved in the colonial legislature and were leaders in church, education, sport and performed other social services.

Reverend Harper's social connections were further reinforced when he became Chaplain of York and the Valley of the Avon, as this parish included the land holdings of many influential and wealthy farmers, whose sons were to take significant roles in the Colony throughout the second half of the nineteenth century. A typical statement in the primary sources that conveys the social connections that the Reverend Harper formed at this time is contained in a diary entry made by Gerald Lefroy in 1850 stating that Reverend Harper was a "man you can have a really useful and agreeable conversation with" (20th January 1850 Buchanan and Buchanan 2009). The relationships that the junior Charles Harper formed in these circles later provided him with options and opportunities unavailable to others. The sons of these leading families who were Harper's contemporaries later became his political allies, business partners and providers of playmates for his children. This social position gave him access and influence that was to advantage him and his family for over 100 years.

Harper's education over this period took the form of private tutoring undertaken by his father and, as was the custom, via earnest religious observance within the household. This was another means by which his father could form his son's character. It cannot be argued that Harper was a great scholar, but either because of his father's influence or perhaps because he perceived he was disadvantaged having been home taught, he valued formal education for the rest of his life. He particularly sought knowledge by pursuing answers to pressing practical questions relating to agriculture, transport and other technologies. He also established educational opportunities for his children and those of his community, most notably through his role in establishing Guildford Grammar School. Whatever the precise nature of Harper's

¹² See Henn (1954), Erickson (1974,1978), Hillman (1990), Brooker (2006), de Burgh (2008), Buchanan and Buchanan (2009) and O'Brien and Statham-Drew (2009). Brown (1999) catches the importance of these relationships when comparing the development of Western Australian colonial society in mid-century with the picture of society painted by Jane Austen in her various novels of a slightly earlier age. Brown draws upon the Hillman diaries to argue that, while Austen was dead before the initial settlement of the Swan River Colony took place, the settlers remained locked into a social ordering that was outlived in the mother country, but which appears to have persisted into late Victorian times in Western Australia.

private education, once combined with the social acculturation that comes with interacting with his immediate family and peers, it gave him the required social graces and basic skills to rise within the colonial elite.

It should also be emphasised that the Harpers were, for all their patrician connections, living a frontier existence that amounted, at most, to genteel poverty. Harper enjoyed the life of an adventurer in the bush around the family home and farm, but conditions were very primitive to say the least. Alfred Hillman, for instance, visited the Harper family home in Newcastle in 1880, well after Harper had moved away and married, and recorded that the house was a “miserable place” (*Hillman Diaries* 28th March 1880: Hillman 1990). One can only imagine what it must have been like in the 1840s and 1850s during Harper’s childhood. This primitive living nonetheless prepared Harper for the next stage in his life, which involved rough living in even harsher pioneering conditions, and the memory of his less than well-heeled family home no doubt partly drove Harper’s constant quest for economic development.

Although not as wealthy as some of the other members of the Western Australian colonial elite, the Harper family still managed to mimic the English elites by fulfilling *noblesse oblige* responsibilities. In the Victorian era this increasingly took the form of establishing institutions to help the working poor. This meant that many self-help educational institutions, such as friendly societies and mechanics’ institutes, were, perhaps ironically, directed by the so-called “better classes” (see Pollard and Salt 1971 p. 19). Given Reverend Harper’s position as a man of the cloth, it is even more understandable that he was involved in such community organisations. Amongst other things, the reverend served on the Committee of the Church Missionary Society (*The Perth Gazette and Western Australian Journal* 10th November 1838) and became chairman of the Newcastle Mechanics’ Institute (*The Perth Gazette and Western Australian Journal* 20th July 1866). He also lent his expensive piano to the organizers of the inauguration of the Toodyay Young Men’s Reading Club (*Perth Gazette and W.A. Times* 8th September 1871). The reverend’s fulfillment of his civic responsibilities served as an important example for his son, who would eventually make a far more important contribution in this area than his father.

Charles Harper witnessed the operation of this social stratification as well as its demise. He was fortunate to be born into a position and at a time when he could exploit the social

advantages that he had.¹³ Ironically, his life's work in promoting economic growth destabilized the entrenched hierarchies and contributed to the downfall of the social system that had provided him with so many advantages. The political backdrop for the last two decades of Harper's life was framed around the extension of adult suffrage and the admission of any class, within certain parameters, into the Parliament until, ultimately, universal suffrage was established in 1899 and the payment of parliamentarians was established in 1900 (Phillips, Black and Fischer 1998 pp.41-42). Harper himself identified the distasteful growth of party politics as evidence of the demise of the mid-Victorian gentlemanly political arrangements that had been in place for most of his career and to which he had been admitted from a relatively young age (for example, see Phillips 2004 p.109).

(iii) Bachelorhood

It seems that a number of family legends are retold about the circumstances of Harper's leaving home in 1858. The dominant story is centred upon the young Harper leaving after his mother had given him £50 in cash, a horse, a cart, a barrel of salt pork and a gun. Although the veracity of the story cannot be tested, it would seem an appropriate beginning considering Harper's future career in the bush and in politics. It fits well with the idea of opportunity being there for the taking in colonial Western Australia. It is also suggestive of a personality that was positive in nature, undaunted by the problems of everyday life, and eagerly looking forward to a career of personal wealth creation and nation building. The known facts are that at 16, Harper made use of his skills as a bushman, acquired as a result of spending his childhood roaming through the sparsely settled Avon Valley, and embarked on a life of farming near Beverley, a township close to Toodyay.

Even by the standards of the time, life on the Beverley farm was primitive in the late 1850s and early 1860s. The property was called Haisethorpe (Erickson and Taylor 2006) and was owned by Augustus Lee Steere, father of Sir James, the future first Speaker of the Western Australian Legislative Assembly (Phillips 2004). An arrangement had been made between Lee Steere and Harper for the latter to farm this property. Harper shared the work and deprivation with his two cousins, Wilfred and Henry Lukin, and thereby commenced the first

¹³ Harper's lifetime connections with the members of Western Australia's elite is caught by the fact that that the pall-bearers at his funeral in 1912 included S. Viveash, W. Hackett, J. M. Oliphent (the manager of the Producers' Union—a co-operative venture commenced by Harper and discussed in detail in chapters three and six below) and Pearce, while Sir J. Forrest, S.F. Moore, G. Lukin, J. Cowan, W. Padbury, E. Shenton and D. Clarkson all participated in the service itself, as did members of his extended family, the de Burghs (*The West Australian* 22nd April 1912).

of many enterprises throughout his life that entailed co-operating with others. It is around this time that Harper designed a fence, later to be called Harper's fence, which was made of wood rather than wire and was moveable, so that livestock could be rotated through different grasslands without the need for fixed fence lines (Mercer 1958). This invention was most likely a simple variation of a barrier that was in use elsewhere, but the term 'Harper's fence' entered into the local vernacular and it is an early example of Harper's talent for undertaking innovations to solve frontier problems.

Harper embarked upon two expeditions from his Beverley base in 1861 and 1864 to open up new land for farming. He and his fellow explorers headed north east from a line running loosely from Northam to York to Toodyay, and explored considerable territory east and north of the established farming districts that border the present shire of Yilgarn. Harper himself recorded the subsequent progress and outcomes of the expeditions in a diary that he kept (HFP 1973A/17, Brooker 2006, de Burgh 2008). Unfortunately, the expeditions did not yield any great discovery in terms of farming or mining opportunities, though they did traverse what later became gold country.¹⁴ The expeditions did, however, allow Harper, at the age of 19, to further cement lifelong relationships with people who were to be leaders in Western Australia in the years to come. The 1861 exploration is particularly well documented. The party included Barnard Clarkson, the brothers Charles and Andrew Dempster, and an Aboriginal guide called Correll (Brooker 2006). The expeditions also allowed Harper to hone the survival skills that he would later use in the North West and to develop knowledge of the land that would be useful in his commercial and parliamentary roles in the future (Phillips 2004, Mercer 1958).

Harper left his two cousins in charge of the Beverley property in 1866, so that he could venture to the North West of Western Australia in the company of another Lukin cousin, George, to pursue what he thought would be more profitable opportunities (de Burgh 2008).¹⁵ He travelled by boat to deliver sheep to the incumbent pastoral lease holders and, thereafter,

¹⁴ Harper did send some mineral samples to London for assay (there not being facilities in Western Australia at that time). The resultant report indicated that it was likely to be gold in the region explored, but nothing was done about it (Mercer 1958, Brooker 2006). Given its auriferous nature, the region was subsequently opened up for mining in the late 1880s following substantial strikes (Spillman 1993 p.58).

¹⁵ Lee Steere eventually terminated the arrangement that allowed Harper to farm the Beverley property when the former returned from a trip to England. However, shortly after ending the arrangement, Lee Steere defaulted on his debts and handed over the property to Harper's business partner, Sam Viveash. He, in turn, sold it to Reverend Harper, and thus it eventually returned into the hands of Charles Harper, and became part of his land holdings (Erickson 1974, Erickson and Taylor 2006).

sought to establish himself as a pastoralist in this area. This environment was even more isolated and demanding than that experienced in his early youth. In 1867 this region was struck by a cyclone that resulted in a number of shipwrecks and left the isolated township of Roebourne bereft of supplies. The situation was particularly dire because expected victuals, known to be aboard the supply ship *Emma*, which failed to arrive in the north, were apparently lost due to the violent storm. The recent arrival of additional settlers had increased the number of mouths to feed and consequently the anxiety of the residents of the town (*The Inquirer and Commercial News* 26th July 1867). The bush skills that Harper had acquired while exploring during his Beverley years ensured that he was called upon to undertake a mission with the object of relieving the stricken town by obtaining supplies from Champion Bay, which is now the location of the town of Geraldton.

Harper and his party, which included F. McRae, D. Judge, A. Francisco, and an anonymous Aboriginal tracker (*The Perth Gazette and West Australian Times* 26th July 1867), traversed 700 miles of unknown country to reach their destination. The location of water supplies and the temper of the local Aboriginal population were then unknown. The journey took a month and, on arriving in Champion Bay, Harper reported the apparent loss of the *Emma*, which was subsequently found to have been wrecked (*The Perth Gazette and West Australian Times* 12th July 1867), and made arrangements for the loading and sailing of a relief vessel. W. J. de Burgh (2008 pp. 9-10) suggests that, while Harper may not have known it at the time, there was reason to believe that the local Aboriginal population was hostile. It is, however, likely that he would have been aware of recent 'stock spearing', so he did not approach the task in blissful ignorance of the potential for danger (Durack 1967).

Harper and Sam Viveash had, by 1868, jointly established Tambrey, a sheep station situated between Roebourne and Wittenoom Gorge. Numerous other investments were made by Harper in pastoral stations in this region in the years that followed, but the records are not sufficiently conclusive to identify the lands that he exploited.¹⁶ It is, however, known that Harper and Viveash left Tambrey in the hands of a J. Edgar, the manager of the nearby Pyramid Station, in 1868 and entered the pearling industry as partners. They originally set

¹⁶ It is difficult to establish all of Harper's pastoral interests during his years in the North. There are conflicting accounts as to the particular stations he invested in, who his partners were and when the investments were undertaken. For instance, Battye (1972) describes Harper's investment in a station called "Yanrey", while Mercer (1958) does not describe this station. On the other hand, Tambrey Station is identified in the Mercer discussion as being an investment of Harper's, while the Register of Heritage Places does not recognise Harper as being involved in this property (Heritage Council of Western Australia 1998, McLaren and Cooper 2002).

their sights on beach fishing for pearls and travelled, by horse and foot, a considerable distance between the mouths of both the de Grey and Ashburton Rivers to determine a suitable location for this venture. They soon realized, however, the commercial limitations of such an operation. The work was hard and they depended on Aboriginal people to lead them to the right locations for pearl shell (*Western Mail* 27th April 1912).

The pair recognised that, to increase the profitability of their aquatic enterprise, they would need a boat that would allow them to undertake the more fruitful sea fishing from which the pair expected to achieve greater reward. Having no boat available, they determined to build one and, after jointly purchasing a milling saw, they utilised the regionally endemic cajeput trees to build a boat over a considerable period. Appropriately it was named “The Amateur” (*Western Mail* 27th April 1912). The boat was built at a considerable distance inland and, in a surreal exercise that resembled the film *Fitzcarraldo*,¹⁷ they had to drag it across land to the seashore before launching it in December 1868. This entire pearling experiment was challenging given the hostile environment, and it is likely that the sheer audacity, physical danger and bravery involved enhanced Harper’s reputation sufficiently to support his later claims to a parliamentary seat.

Harper continued to pursue pastoral and pearling interests in the North West into the 1870s, and throughout his life retained profitable interests in the pastoral districts of this region. Harper had accumulated enough wealth by 1876 to travel to England. He undertook what amounted to the Antipodean “Grand Tour” visiting family and seeing the “Old Country” (Thompson 2014 p. 40). Harper also exploited his standing in the North West community to make his initial foray into politics. He was elected to represent the Northern Districts as a member of the Legislative Council in 1878. This initial political venture was, however, short-lived and he decided not to contest the seat in the Northern Districts in the election of 1880, allowing MacKenzie Grant to succeed him. The hiatus from political responsibility coincided with Harper returning to the South West of Western Australia to settle at Guildford with his new wife (*The West Australian* 24th November 1925, Mercer 1958, Phillips 2004).

¹⁷ This West German film was a dramatization of the attempt by Irishman Brian Sweeney Fitzgerald to transport a steam ship over land to a South American river in order to trade along that river for profit. It is clear that *Fitzcarraldo* is somewhat unhinged and this is emphasised in the movie when the fictional character determines to transport the boat over land whole rather than in pieces (as did the real character) (*The Chicago-Sun Times* 1st January 1982).

The frontier trials that Harper endured as a farmer in Beverley, as an explorer of the districts extending to the Yilgarn, and as a pastoralist and pearler in the North West, ensured that he developed a strong sense of the natural resources of the Colony and a conviction that the economic future was to be agriculturally based. He gained local knowledge relating to the problems associated with distance, soils of variable quality, variable rainfall, and lack of transport. In many respects, the greater parts of his later parliamentary, business, agricultural and co-operative endeavours were devoted to overcoming these frontier obstacles. Harper's initial experience of farming, notwithstanding his father's failure as a farmer, particularly drove his life-long interest in the agricultural development of Western Australia. He devoted immense energy throughout the rest of his life to experiments in farming, market gardening, orchards, vineyards, dairying and various other primary industry pursuits.

(iv) Settling Down

Harper married Fanny de Burgh, the daughter of a farmer local to Harper's childhood home in Toodyay, in 1879. Although there are no records to indicate whether or not the couple knew each other in childhood, it is likely they met during their teenage years when Harper traversed the country between his father's farm in Toodyay and his first farm in Beverley (Mercer 1958, de Burgh and de Burgh 1981). At first the couple occupied a home in Market Street, Guildford, where they started their family. It was from this location that Harper commenced the substantive part of his career (Mercer 1958, de Burgh and de Burgh 1981).

Over the course of fifteen years, Fanny and Charles Harper brought 10 children into the world. The children were Charles Walter (born in 1880—hereinafter Walter), Clara Julia (born 1881), Harcourt Robert (born 1882), Gresley Tatlock (born 1886 and killed in action at Gallipoli on 7th August 1915), Prescott Henry (born 1886), Mary Elizabeth and Mildred Louisa (both born in 1888), Wilfred Lukin (born in 1890 and killed in action at Gallipoli on 7th August 1915), Geoffrey Hillesden (born 1892 but who died in infancy) and Aileen Fanny (the youngest and born in 1895) (Mercer 1958, McMullen 2012).

The tragedy of the death of two of Harper's sons on the same day during the infamous charge of the 10th Light Horse at the Battle of the Nek was highlighted by C. W. Bean in *Official History of Australia in the War of 1914–1918*. Specifically, Bean (1934-1942 vol. 2 p. 618) described them as the “flower of Western Australian youth” and in one of the more commonly cited of his passages, he stated:

Men known and popular, the best loved leaders in sport and work in the West, rushed straight to their death. Gresley Harper and Wilfred, his younger brother, the latter of whom was last seen running forward like a schoolboy in a foot-race, with all the speed he could compass.

This passage, which is said to have inspired Peter Weir's film *Gallipoli* (McMullen 2012), is important to this narrative since the reference to the men in question as "leaders" once again highlights the way that the Harper family was perceived within the community.¹⁸

It is, however, Walter Harper who is the most important of Harper's children in terms of this narrative, since he inherited his father's interests in the area of economic development and worked with a number of other Western Australian leaders to promote co-operation and to bring his father's vision to fruition. Indeed, it was Walter Harper who became a foundation Trustee of Co-operative Bulk Handling and an early chairman of Wesfarmers.¹⁹

In 1885, Harper moved his growing family to an elaborate homestead in Guildford called "Woodbridge." The house was purpose-built by Harper and is now part of the National Estate (National Trust 2015). This property itself was formerly selected by Governor Stirling. Stirling had constructed a rudimentary cottage on the land, but evidence of its existence is no longer extant and its precise location has yet to be identified (HFP 1113A/4). Hillman (1990) recorded that Harper's construction, Woodbridge, was a "fine house", while *The Inquirer* (29th October 1884) described it as "...the handsomest private residence yet erected in the colony". Reverend C.H.D. Grimes, the local pastor, believed that the house was named after the village in Sussex, England, from whence the Harper family came to settle in Australia (Grimes to Mrs Harper 1912 HFP 3706A/16). Grimes also described the Harper family life at Woodbridge as one that was full of vibrancy and challenges, and recalled that a favourite saying of the family (and no doubt a driving principle in Harper's life) was "a life uncriticised was a life un-lived" (C.H.D. Grimes to Mrs Harper HFP 3706A/16).

¹⁸ Gresley was also a successful scholar at Melbourne University and Ed Shann, who was his contemporary and also who attended Melbourne University, dedicated his book, *An Economic History of Australia* (1948 [1930]), to him amongst others (Stratton 1990, Leonard 2009).

¹⁹ Although I reintroduce Walter Harper in chapter six below, it is necessary at this point to record that he deservedly inherited his father's reputation for honesty and hard work. Indeed, at one time he determined to resign from Co-operative Bulk Handling due to a perceived conflict of interest relative to a business deal between Wesfarmers and Co-operative Bulk Handling. Monger, the chairman of Co-operative Bulk Handling, warned of irreparable damage to the co-operative bulk handling movement should Harper not remain as a Trustee. The following day Harper acceded to remaining as a Trustee (Zekulich 1997). He was, however, always sensitive to perceptions of impropriety and keen to retain his good reputation (Sandford 1955).

Woodbridge was both a family home and the informal headquarters for Harper's manifold business, community building and agricultural activities. The homestead sat in a very strategic geographical position since it was located between the old agricultural districts of the Avon Valley and the City. At Woodbridge Harper undertook agricultural studies, grew fruit and experimented in packing produce for transport to England. He combined these activities with various other pursuits, including captaining the local cricket team and winning a number of prizes at the annual agricultural show; he even allowed the Agricultural Society to hold the annual ploughing match at Woodbridge (Cooper, Moore and White 2004 pp. 96, 104 and 107). Life was not always easy, even in this relatively civilized riverside homestead. It was, however, certainly a comfortable home and restful retreat when the pressures of politics, business and other interests became significant. This lifestyle was made financially possible by the substantial business interests that he accumulated in the 1870s and 1880s.

III. Harper's Commercial Interests

At various times during his life, Harper held a number of significant positions within the business community. These positions were commensurate with his standing in society, confirm his role as an entrepreneur and serve to emphasise Harper's good reputation. They also demonstrate that he was predisposed to undertaking business operations in association with others. Such activities were additional to his agricultural interests and political roles and, most importantly, provided the income that allowed him to pursue other interests. They also enabled him to maintain close links with commercial interests in the Perth metropolis when his main preoccupation and professional relationships were tied to agriculture (Glynn 1975 pp. 2-3 and 5). He did not hold any positions in retailing, wholesaling or produce merchandising, but he did hold a number of significant roles in major companies not associated with agriculture. The jewel in the crown of Harper's extensive commercial portfolio, in terms of profitability and extending his influence and reputation, was his joint ownership of the major regional newspaper.

Harper's timely entry into the newspaper industry, prior to the boom in population following the gold rush, settled his fortune. In 1879, Harper and his then business partner Sir Thomas Cockburn-Campbell purchased the stable of newspapers that were to become *The West Australian* and the *Western Mail*. For four years he was deeply involved in the intricacies of

running this publishing house until John Winthrop Hackett became a partner and the editor in 1883, after which Harper stepped back from the day-to-day running of the enterprise (Collins 2007). Harper's calculated disengagement from the management of the paper allowed him to be absent from Perth more often and to pursue his many other agricultural ventures, hobbies and crotchets. Indeed, Stannage's (1979) earlier cited view that Harper purchased the publishing house to promote his conservative views misses the more interesting point that he used the newspapers' influence and the resources they provided as instruments to pursue all of his numerous interests (not just political ones).²⁰

Harper was, to take just one example, perennially concerned about the capacity of the *Western Mail*—the stable mate of *The West Australian*—to provide the necessary support to the agricultural sector. This paper was established primarily to serve the farming communities by reporting on agricultural matters, providing policy advocacy, and distributing the results of experiments and experience. It was a relief to Harper to be able to appoint William Catton Grasby as agricultural editor in 1905, since this meant that he could share the burden of directing this paper with someone else (Abbott 2012, Mercer 1958). Harper had met Grasby when he spent a week guiding Grasby through the wheatbelt so that Grasby could undertake a study for the Western Australian government regarding fruit growing possibilities. Harper was impressed with Grasby's apparent capabilities. It is clear from Grasby's report, which was completed in 1904, that he understood the problems associated with farming in Western Australia and that he had a radical turn of mind (Abbott 2012 p.110). The report was reputedly well received by the government and the agricultural community, and Grasby's reputation was established (Glynn 1975 p.110).²¹

²⁰ See Alexander (1963), Hunt (1978), Stannage (1979, 1981), Hunt (1983), Haig (1984) and Collins (2007).

²¹ Grasby arrived back in Western Australia in 1905 after having wound up his interests and activities in South Australia. While he and Harper apparently saw eye to eye and had similar interests, the relationship could be rocky, particularly as Grasby could be argumentative and controversial in his pronouncements about best practice. The occasional storm in the relationship did not, however, prevent some people from referring to Grasby as Harper's pet (Abbott 2012 p. 120). In 1909 the pair commenced experimenting on wheat varieties, an activity Grasby continued until well after Harper's death (Abbott 2012 p. 117). Sometimes jointly with Harper, he developed wheat strains such as "Niloc", which became widely used in Western Australia (Glynn 1975). "Gresley" and "Wilfred" were strains developed after Charles's death and were named in honour of Harper's two sons who, as already mentioned, were both killed at Gallipoli (McMullen 2012). The proceeds from the sale of these latter two varieties were provided to the Silver Chain Nursing League and the Kindergarten Union (Abbott 2012 p. 117). Grasby quickly entered the elite circle, presumably via the sponsorship of Harper and others with whom he had worked. He served as one of the inaugural senators for the University of Western Australia—where he worked with Harper's son, Walter, and Hackett (Alexander 1963 p. 24, Abbott 2012 p. 117). Intriguingly, he also founded the Kindergarten Union in 1911 (Kerr 1994). He died in 1930 after a quarter century of work in the West (Ramsland 1983).

Harper remained a partner with Hackett in *The West Australian* until his death in 1912. As per the partnership agreement, when Harper died all shares in the newspapers held by the Harper family were to be transferred to Hackett at fair value. However, correspondence in the Harper Family Papers shows that, when the time came for the valuation, the transfer of shares and the payment of compensation, Hackett was less than accommodating in agreeing to an amount and less than efficient in expediting the transfer and payment. Ultimately the shares were transferred at a value of £88,000—a not insignificant sum—after arbitration was sought from a firm of professional valuers based in South Australia. It is evident that the negotiations involved in this transfer diminished the relationship between Hackett and the Harpers. Indeed, considerable social pressure was applied to Hackett to induce him to concede a fair value and to complete the transfer of the shares with suitable compensation. Hackett was even mildly rebuked for his actions by none other than John Forrest, which induced Hackett to write to Fanny on 29th August 1913. He stated that he recognised a “coolness between their two families” (HFP 1973A/10), but did not explicitly accept responsibility for this. The intervention of Forrest once again conveys that Harper was a senior member of the Western Australian elite, and shows how business, political and social arrangements were intermixed in Harper’s day.

The commercial and reputational success that was achieved by Harper in the 1880s and 1890s also led to a number of other business opportunities and civic responsibilities. Harper was, for instance, a director of National Mutual Life Ltd together with Justice Francis Burt and Sir John Forrest, and his name is included among the directors of the company in its newspaper advertising (see for example *The Farmer*, September 1909)—an indication of the Harper name commanding recognition and credibility. He was also reported by the *Western Mail* as having been a director of the National Mutual Life Assurance Society (22nd April 1912). Harper became a foundation director of the Perth Ice Company in 1882 and he was appointed chairman of the West Australian Trustee, Executor and Agency Company in 1892 (Mercer 1958). Additionally, Harper was reported as being the chairman of the Electric Light and Power Company in 1892 (*The West Australian* 9th August 1892).

Harper was also an inveterate innovator in the business world (de Burgh 2008). His wide ranging interests led him to become involved in companies associated with technologies that would, to his mind, provide a stimulus to the colonial economy by resolving a number of the ubiquitous frontier problems caused by dispersing numerous settlers over the large Western Australian landmass. There is evidence that Harper promoted, amongst many other things, an additional ice company in 1888 (HFP 1973A/7) and the concept of refrigerated transport via rail in 1893 (*The West Australian* 12th September 1893). Harper was not above using his influence in Parliament to advance these enterprises and experiments.

IV. The Parliamentarian

Harper's pursuit of a parliamentary career and his subsequent apparent indifference to high office suggest that he viewed his membership of the Parliament as an instrument to exert influence and as a natural part of his responsibility and duty to the Colony (Harper to MaCrae 6th October 1877 HFP 1973A/6). As mentioned briefly earlier in this narrative, Harper first became a member of the colonial Legislative Council in 1878 following his election to the seat of Northern District (Black and Mandy 1998). Northern District was the uninspiring name for the vast but sparsely populated division of Western Australia which today includes the Pilbara, Murchison and Kimberley. As an MP, Harper represented his own interests and those of his fellow North Western pastoralists and graziers who had supported his election. The distance between his seat and Perth obviously made the exercise of representing these interests difficult.

At this time the Parliament was a club populated by Harper's social equals and its form was that of a unicameral house, the Legislative Council, which was partly elected by an elite group holding a very limited franchise and partly nominated by the Governor.²² Responsible government in the Westminster tradition, where a ministry is responsible to a parliament, was not introduced into the Colony until 1890, and universal suffrage was not introduced into the

²² The governor was appointed by the Imperial government largely without input from, or recourse to, the residents of Western Australia. By and large, the governors were professional members of the Imperial bureaucracy and enjoyed careers that entailed moving from one gubernatorial role to the next and, generally, moving from lesser to more substantial roles. The positions of Viceroy of India and Governor General of Canada were particularly seen as the prizes at the end of the gubernatorial career path. At certain points, for political and historic reasons, members of the Royal family might also be appointed to such roles, as shown by the appointment of the Duke of York to the role of first Governor General of Australia. In all cases for the period under consideration, the appointees were members of the elites, usually had titles, may have been senior military and naval officers, and were conservative by nature. Thus, they reinforced the conservative nature of the Legislative Council and appointed people who had a similar ethos to themselves (Souter 1976, Stannage 1981, Gregory and Gothard 2009).

Colony until 1899 (MacPhail 2008). The eligibility criteria for appointment or election to the Legislative Council in 1878 included property qualifications and a requirement that a prospective member not be an ex-convict. Voters, on the other hand, could be ex-convicts, but were also subject to a property qualification. So few settlers were on the electoral role in the Northern District that MaCrae, in a letter to Harper of 21st September 1879 (HFP 1973A/6), was able to list the political position of a significant proportion of the voters in that seat. Aspiring and sitting politicians could therefore effectively question each voter in the district to determine their chances of election at the next poll.

A private income from previously accumulated wealth was necessary, not just in order to meet the franchise qualification, but also in order to sit in the House, since members were not remunerated. Those members who represented rural and remote districts also needed to be away from their districts for considerable periods and therefore had to rely on their supporters to manage their interests during their absences. This was especially so for a member like Harper who sat for a district that was isolated even by the standards of late nineteenth-century Western Australia. The distance of his seat from the centre of political decision making in Perth and the absence of any form of communication other than infrequent coastal mail services also hindered Harper's capacity to deliver political outcomes. Politically, he would not have been able to confer with his constituents when sitting and he would not have been able to undertake the required political machinations in the metropolis with his parliamentary colleagues when visiting his seat.

The upshot of these onerous property requirements and conditions meant that only a handful of the men who met the property qualification could actually afford the time to sit in Parliament (Black and Mandy 1998).²³ As such, the legislature that Harper joined at this time was a single house, partly appointed and partly elected by *substantial* landholders. Given that the governor could not afford to ignore the colonial elite when deciding upon his personal appointments to the Parliament and given that he was of their class, the system ensured that legislation was driven by agricultural and business interests. This arrangement suited Harper and it was a system that he mourned once it was replaced by the modern democratic system.

²³ In Harper's case, it appears that he felt the economic constraints associated with being a member of parliament to such an extent that he allowed political interests associated with the Labor Movement, a movement to which he was antipathetic, to print their periodical, *Labour Notes*, on the press of *The West Australian* for a fee of £200 (*Western Mail* 27th April 1912). Notwithstanding his conservative politics and membership of the colonial elite, Harper simply needed the cash to continue in his position in the parliament.

The House in this earlier period had all the hallmarks of a conservative Victorian gentleman's club and, indeed, after their deliberations the majority of members did in fact repair to the nearby Weld Club, which had been established in 1871 for the colonial elite (Crowley 1960, Phillips 2004). Harper was almost certainly a member of the Weld, but I have yet to find any evidence for this, even though Mercer (1958) states that this was the case.

Harper remained a member of the legislature in Western Australia from 1878 until his retirement from Parliament in 1905, with only a short four-year break when he was succeeded by MacKenzie Grant in the Northern District in 1880. Whilst his initial retirement from politics in 1880 was partly the result of his mixed feelings about taking public office, it was primarily due to his preference not to face political competitions. Mercer (1958) and other secondary references emphasise Harper's many competing interests as the reason for him balking at taking senior political positions which were offered throughout his career. Harper himself later cited pressure of work—in the context of his wider interests—as his reason for declining the Education Ministry in favour of H. B. Lefroy when it was established in 1897 (*The West Australian* 10th May 1897). However, this logical explanation for Harper's rejection of public office is perhaps of secondary importance compared to his preference not to face electoral and ministerial contests. He was more comfortable with the gentlemanly arrangements that allowed the social elite to govern via influence and mutual interest rather than via electoral or parliamentary success. He did not like the awarding of "political prizes" based on the numbers rather than the appointment of tested men based on reputation, experience and social position, who, in Harper's eyes, would do the best by Western Australia (Black and de Garis 1992, Pandal, Black and Phillips 2007).

Harper's competing interests and lack of time, and his distaste for responsible government explain, to a considerable degree, why he withdrew from politics in 1880. The examination of the evidence in the form of letters from MaCrae to Harper (21st September 1879 and 5th November 1879 HFP 1973A/6) indicates that, when considering his prospects for re-election for the Northern Districts, Harper was less than satisfactory from the electors' perspective. Amongst other things, MaCrae provided Harper with a list of those electors who were opposed to his re-election. Citing Harper's apparent opposition to responsible government and his lack of interest in the North West, the list of those with an opposing opinion even includes close business associates such as M. Grant and J. Edgar. Indeed, in the second letter dated 5th November 1879, MaCrae reports that the "people seem dissatisfied and the majority

against you.” (HFP 1973A/6). Harper’s subsequent decision not to offer himself and fight for the position is consistent with his subsequent behaviour.

The lack of personal support displayed by the few European settlers living in the North West at this time may also have inspired Harper to return south in order to marry and settle down. Naturally, his new marital status would have increased his desire to return to the metropolis. Living and working in the Northern Districts was a single man’s game and the centre of politics, economics and society was Perth and its close environs (Mercer 1958). His resettlement at Woodbridge in Guildford was within easy reach of both the Avon Valley community of his youth and the seat of power, Perth. The familiar territory and old support networks of his childhood district, combined with his close proximity to the physical site of government decision making, enabled him to relaunch his political career in the early 1880s.

Harper was elected to the Legislative Council for York in 1884 after a four year hiatus. He then moved from the Legislative Council to the Legislative Assembly in 1890 when he was elected to the first Responsible Parliament as member for the seat of Beverley. Like his old Northern Districts constituency, the register of voters in Beverley was very small. It was reported that there were 125 names on the register when Harper was returned once more for Beverley in 1891 (*The West Australian* 28th December 1891). Of that number, it is likely that a substantial number of the voters were family and friends and his heartfelt expression of love for the district reported in *The West Australian* in 1892 (26th October 1892) was almost certainly sincere.

Harper held only two positions in the House throughout his parliamentary career, that of Chairman of Committees (Deputy Speaker) and the Speaker. Although he was never a minister, his contribution to the machinery of parliament was recognised by his peers and he retired from the elected Legislative Assembly as Father of the House in 1905.²⁴ He used this machinery, often very effectively, to promote agricultural development; to resist the process of democratisation and the spread of party politics after the advent of responsible government in 1890; and, increasingly as time passed, to act as the informal leader of the opposition to a government that was led by John Forrest, the first premier in the Responsible Parliament and

²⁴ The longest serving member in the House.

the dominant political personality in Western Australia before he moved to the Commonwealth Parliament after 1901.

The last two of these three political objectives were linked, since Harper believed that Forrest himself was a principal in the vulgar development of party politics.²⁵ The increasing disenchantment with his fellow conservatives and patricians became so dramatic by the end of his career that he supported the appointment of the first Labor government in Western Australia in 1904 rather than the remnants of the Forrest party (de Garis 1991, Phillips 2004). Mercer (1958) contends that Harper supported the Labor administration in order to see what they could do, but interpreting Harper's action this way is really to gloss over what was a capricious act of score-settling by Harper.

Harper's disenchantment with Forrest, in part, had its roots in the Onslow Affair, which itself had grown out of the Gribble Affair of the late 1880s. The Gribble Affair arose when Reverend J. B. Gribble was publicly attacked for raising concerns about how the Aboriginals were being treated in the North West. This affair is considered below in the section devoted to Harper's attitude toward the Aboriginals, and, at this stage, all that needs to be stated is that Harper and his business partner, Hackett, led the attack via *The West Australian* and Gribble, in turn, sued them (Braybrooke 1974). Sir Alexander Onslow, the colonial Chief Justice, was to sit as judge in the libel case and the trial date was set for April 1887. Harper and Hackett contended that Onslow should not be able to judge the case on the grounds that he was well known to be sympathetic to Gribble. Throughout the trial the defendants' lawyer attempted to have the Chief Justice excuse himself on the grounds that he was partial, even reading out letters to the court that had passed between Gribble and the Chief Justice. The Chief Justice, however, refused to step down (Hunt 1978 54-58). As it happened, the campaign by Harper and Hackett to remove Onslow from presiding over the case was not necessary since the ultimate outcome of the trial was that Gribble's case was unsupported.

²⁵ Harper also used his time as Speaker to admonish the House for its lack of decorum and boisterous behaviour, which he considered to be below what was expected of their station and class. He felt that senior parliamentarians were exacerbating the problem by not showing sufficient leadership and restraint in the interests of the community. For example, when chastising the House for its lack of capacity for self-regulation, Harper singled out Premier James as a chief source of interjections and interruptions and considered that Forrest's poor example in this regard was still felt in the House after that leader had moved to the federal parliament (Phillips 2004, Pandal, Black and Phillips 2007).

Needless to say, *The West Australian* (28th June 1887) was jubilant at the result. The terms of the judgement, however, caused considerable concern within the Colony due to its possible effect on Western Australia's reputation as a destination for intending migrants. To Harper's satisfaction, Governor Broome publicly criticized Chief Justice Onslow accordingly. Forrest, on the other hand, supported Onslow to the chagrin of Harper and his class. Other liberal judgements by the Chief Justice magnified this dissatisfaction amongst the patrician class. As a result of making ongoing attacks, Harper was once again sued for libel by Gribble and this case was also judged by Onslow. This time Harper lost, which prompted Harper and Hackett to prepare a document in which they claimed that Onslow was prejudiced against *The West Australian* and that he had been similarly prejudiced during the Gribble trial (Hunt 1978 pp. 64-66).

Throughout all of these machinations, Forrest's support for Onslow was unwavering and the Chief Justice survived a vote of no confidence in the Legislative Council. This affair irretrievably damaged the relationship between an important sub-section of the *Ancien Regime* and Forrest (Crowley 2000 p. 69). S. H. Parker, W. Hackett, C. Harper and S. Burt were all estranged from Forrest for a considerable period as a result. Though Harper and Forrest subsequently enjoyed an *entente*, it is clear that Harper never saw Forrest as a political ally thereafter. It should also be emphasised that, while the Gribble Affair caused the major break with Forrest, Harper had never been unconditionally supportive of the premier. In terms of major legislative and executive initiatives driven by Forrest, Harper had opposed the *Homestead Bill* of 1882; was instrumental in gaining the support of Parliament to defeat Forrest's preferred plan in relation to the establishment of Fremantle Harbour in 1891/92; opposed Forrest on the question of the Kalgoorlie water pipeline by preferring to leave the supply of water in the hands of private commercial interests in 1901/02; and was opposed to Forrest on the question of federation (Webb and Webb 1993 pp. 199 and p. 203, Crowley 2000 p. 117 pp. 287-288).²⁶

In this opposition, Harper had allies in some of the oldest families, including the Throssels and the Lee Steeres. The issue of federation was particularly important in galvanizing his status as the leading anti-Forrest man (Crowley 2000 p. 229, Bolton 2000). As federation inched closer, Harper became more wary of it and, ultimately, opposed it. Amongst other

²⁶ In fact, Harper very closely lost a motion to cancel the referendum on federation which ultimately sealed the anti-federation party's fate (Crowley 2000 p. 254).

things, he became concerned that the State of Western Australia would have its capacity to loan funds restricted under the proposed constitutional arrangements and that this would in turn reduce the capacity of the State to develop (Hansard 25th October 1899 p. 1882). In reality though, Harper played Gladstone to Forrest's Disraeli. Disraeli had a more plastic set of political and social ideals than Gladstone, and was thereby able to respond positively and more effectively to the political winds of change.

In essence, Forrest's populist politics and liberal thinking combined with the advent of party politics to ensure that Harper pursued an oppositionist policy. For the period leading up to the establishment of the federation and Forrest's transfer to the national Parliament, there were essentially two parties in the Western Australian Parliament. These were the Forrest Party and the anti-Forrest members. An official opposition was not established in the Western Australian Parliament until Henry Daglish was recognised as Opposition Leader in 1905 (de Garis 1991, Phillips *et al* 1998 p. 88). As a result of Harper's disenchantment with Forrest, he acted as the leader of what Evans (2001 p. 158) describes as an "informal fledgling" opposition consisting of a group of members with predominantly conservative agricultural and pastoral interests (de Garis 1991). Harper's role as informal Opposition Leader was reinforced when he gave the Address in Reply speech in 1903, a role very much the responsibility of the Leader of the Opposition (Hansard 1903 Vol. XXIII p. 237).²⁷

Though Harper felt an antipathy toward Forrest, he did not take on the informal role of Opposition Leader in order to be destructive or to gain a more senior role in the government. Rather, he used it to gain influence. He also became adept at utilising parliamentary process to delay and resist government action. Rather than speaking in the House (which he rarely did—see Phillips 2004 and Hansard variously), he preferred the committee structure as a tool for slowing progress, influencing decisions by utilising the evidence he collected, and as a means by which to mobilise opposition from outside the House. The political processes he was to master essentially related to the establishment of Select Committees, Joint Committees, standing committees and other extra-parliamentary fora. Technical discussion and evidence were of higher value than political rhetoric in these environments. Hence,

²⁷ It is also instructive to reflect upon the introduction to this thesis in chapter one wherein I described the fact that Harper continued to play a supporting role in the histories written about Western Australia. The fact that he was an informal Opposition Leader seems not to have been recognised in the general histories of Western Australia, notwithstanding the importance of this role in the subsequent development of the two-party system or his apparent effectiveness in driving policy.

Harper was able to draw upon both the knowledge that he had gained from years in the frontier regions and the reports submitted by experts to influence outcomes that he, rather than the electorate, thought were appropriate.

Using these processes to great effect, Harper gained significant influence in outcomes associated with some of the Colony's major infrastructure projects of the time and had a deciding influence over the outcome of a number of significant social reforms. Utilising the functional processes of Select Committees and Royal Commissions, Harper was able to affect outcomes relating to the development and management of the Fremantle Harbour (*Joint Select Committee on Harbour Works at Fremantle* WAPP 1891/92 A9); railway building (*Select Committee on the Utility of Pioneer Service Railways* WAPP 1894 No. A15 [V. 2]); the Goldfields Pipeline (WAPP 1901/02 A35 and 1902 No.11 [V.1 and 2]); and the extension of the franchise to women (Mercer 1958). Other commissions on which he served included the Royal Commission on Agriculture (*The West Australian* 18th August 1894) and the Royal Commission on Immigration (WAPP 1905 No. 17 [V. 2]).

His role as a member of the Royal Commission into Agriculture is of particular importance to this thesis, since it was in this forum that he first pushed overtly for the use of co-operatives as instruments by which to develop the Western Australian economy. Established in 1887 and delivering its findings in 1891, the Commission proposed that co-operatives be established to improve agricultural productivity (Lewis 2006 p. 122, Thompson 2014 p. 45). An Agricultural Bureau, which was the forerunner of the Agricultural Department, had been established by 1894 to implement the findings of the Commission, and Harper was made its inaugural head. He toured the country in his capacity as Bureau chief and promoted the establishment of co-operatives in the process. These endeavours to promote co-operation culminated with Harper establishing the Western Australian Co-operative Producers' Union in 1902, which was an umbrella organisation for the different co-operative organisations that had emerged in the previous years and was, in turn, a forerunner of Wesfarmers. The more precise details of how Harper established co-operatives in Western Australia are given in chapter three.

Harper often gave evidence in his own right if he did not sit on a commission. Although he was always willing to pursue issues close to his own heart if he believed that they coincided with the interests of Western Australia, he refused to sit on committees if he believed that it

would entail an overt conflict of interest. For example, his refusal to sit on the Select Committee on Placing the Agricultural Bureau under the Control of a Minister of the Crown (WAPP 1897 V2 A4), notwithstanding his interest in the subject area, is one such time that he recognised the extent of his conflicted position, since he was chairman of the Bureau. He preferred, instead, to serve as a witness and gave substantial evidence before the committee. It is also interesting to note that while Harper was chair of the Bureau, he refused to participate in debates in the House if they were relevant to that organisation's operations, priorities or objectives.

Harper nonetheless used the committee and commission system in a politically strategic way to check the policies supported by the Forrest government that he deemed to be misguided. The debates surrounding the Fremantle harbour question in 1892 are particularly demonstrative of Harper's tactics and capacity for influence. Essentially the debate related to the appropriate location for the harbour, the best engineering solutions associated with each option, and the cost and risks associated with them. In those debates, Harper successfully moved the appointment of a committee to review the question and to report to the House the most appropriate action, notwithstanding the fact that the Forrest government had already proposed a scheme for the project. Harper then sat on that committee, where he made considerable contributions toward the dismantling of the premier's plan in favour of the proposal advanced by the colonial chief engineer, C. Y. O'Connor. This led to the construction and opening of Fremantle Harbour in 1897 (WAPP 1891/92 A9, Brown 1996, Evans 2001) and again highlights the lack of recognition of Harper as an important historical figure in Western Australia.

Harper was also willing to pursue controversial lines of enquiry in these commissions in a steely fashion. This was seen most dramatically when he chaired the Select Committee and subsequent Royal Commission into the Goldfields Pipeline in 1902 (WAPP 1901/02 A35 and 1902 No.11 [V.1 and 2]). It was suspected that there were some financial irregularities in the process of allocating the contracts for the construction of this huge, innovative and expensive engineering project, which was built over the period 1895-1903 and was then regarded as one of the engineering wonders of the age. Webb and Webb (1993 pp. 513-516) discuss the activities of the Select Committee and subsequent Royal Commission, both chaired by Harper, in some detail. The reports of these investigations indicated that there was a considerable amount of malfeasance on the part of the project's engineer-in-charge (Thomas

C. Hodgson), and Webb and Webb (1993) draw links between this criminal activity and the suicide of the Western Australian engineer-in-chief, C. Y. O'Connor, which came only eleven days after the Select Committee was appointed (Evans 2001). The Committee, however, did not implicate O'Connor in these misdeeds.²⁸

Harper also used the committee and commission system as a platform to promote his economic and social views when he deemed in his own mind that this was appropriate. His role as chairman of the Royal Commission on Immigration in 1905 (WAPP No. 17 [V. 2]) shows this to good effect. The recorded evidence serves to demonstrate Harper's commitment to the State and his knowledge of the opportunities waiting to be exploited. This commission examined, among other things, ways of attracting immigrants to the State and the different government financing options for this proposed migration. State, Commonwealth and also Imperial government public funding were especially considered. Harper used the opportunity of the Commission's report as a platform for reciting the advantages of agricultural settlement in Western Australia compared to the eastern states and Canada. These various commissions and select committees often led to substantial legislative and practical outcomes for the agricultural sector.

Forrest's mild reaction to Harper's opposition indicates that he was not overly concerned about Harper as a political threat. There is no evidence that he applied to Harper those tactics that he used against the more talented and/or the more emphatic of his political opponents. For instance, Forrest was a talented politician who specialised in using the effective political formula of inviting the most stringent opposition spokesmen into cabinet (which they invariably accepted) and thereby bringing them into his fold rather than leaving those with a capacity to build an effective opposition outside of his government (Crowley 1960 and 2000). That such overtures do not seem to have been made to Harper raises questions about his effectiveness as an informal opposition leader, at least on the floor of the Parliament. Harper

²⁸ While O'Connor was not implicated in these nefarious activities, there is some published evidence that his judgement was questioned in relation to the suitability of employing Hodgson in such a senior role and on such an expensive project. The publication of such criticism may well have contributed to O'Connor's fateful decision to end his own life prematurely. *The West Australian Sunday Times* (26th June 1898) reports that Hodgson was "a tearing, fightable block of a man" and a "brainy" "first grade engineer". However, he was "combustible with his enemies" and readily resorted to nepotism in support of his friends, of whom he appointed a number to the pipeline project. Additionally, reported the newspaper, Hodgson had no experience of such a large and expensive project. As the project progressed, Hodgson stood accused of using sub-standard materials in the construction of the pipeline and was required to report in writing to the colonial engineer-in-chief (O'Connor) responding to these accusations (*Western Mail* 5th October 1901). These progressive and worrisome reports were reinforced with the findings of the Royal Commission itself in 1902.

did not participate significantly in debate in the House, had a straightforward delivery when he did speak (Phillips 2004 p.110), and was not a gifted rhetorician. He was more known for speaking his mind and holding his tongue.

Harper was not, however, a political innocent nor some kind of martyr to political standards. Indeed, he was prepared to utilise his capacity as part-owner of *The West Australian* newspaper to espouse causes and attempt to move popular thought (de Garis 1981, Phillips 2004). One such incident occurred during the 1884 election campaign. Harper's principal opponent for the York seat was a director of the West Australian Manufacturing Company. Harper deployed his editorial resources to develop a case against both the candidate and the company. The essence of the case was that the particular director was chosen by the company as a candidate in order to increase the company's apparently already substantial influence in the Colony. One wag heard the story so often from sources associated with Harper that he suggested Harper might actually be a spokesperson for the company due to his bringing the company name to the fore so often and in so many different ways (Cowan 1988).

Like Gladstone, Harper did not embrace the new. The decline of his ideal social arrangement made political life increasingly uncongenial and Harper, then aged 63, retired from the Parliament in 1905 in order to devote his energies full time to agricultural development and co-operation (Maurois 1965 [1936], Magnus 2001). Harper was particularly interested in deploying science to overcome the West's singular agricultural problems (T. H. Bath to Mrs Harper 3706A/16). This interest was continuously pursued while he was a member of parliament, and entailed promoting scientific agricultural practice and establishing the necessary infrastructure to support the agricultural industries. Harper's scientific activities are discussed here rather than in the chapters devoted to agricultural co-operation that follow because he would have pursued them independently of any co-operation strategy. They also had some of the most profound impacts on the Western Australian economy.

V. Scientific Farming

Harper took great interest in inventions and technology that could be used by the pioneer farmer or pastoralist to make their work, if not easier, then less risky and more profitable. He undertook experiments in agricultural practice, sought new ventures in opening and expanding industries, and applied scientific and engineering ideas from England, the United States and the east of the Australian continent. Undertaking experiments in developing new strains of wheat that were capable of growing profitably on the more arid fringes of the expanding wheatbelt of the Colony was an interest developed later in life, but it is nonetheless representative of Harper's life-long ambition of opening up the Western Australian landmass for agricultural development.²⁹ Harper was both a promoter and an exemplar of scientific farming and contributed greatly by establishing his farm at Woodbridge as a "show place" (d'Espeissis 1993).

In addition to undertaking his own experiments in agriculture, viticulture, dairying, grazing and fruit growing, Harper embarked upon experiments in the packaging and transportation of agricultural produce in order to extend the range of export opportunities available to Western Australian primary industries. As identified in chapter one, the lack of efficient transport made necessary by the tyranny of distance significantly retarded the capacity of the Colony to develop an export trade. The difficulty experienced in transporting low value bulk produce, much of which was highly perishable, from the most isolated British colony in the world, consistently entertained Harper's thinking. He was also instrumental in encouraging others to establish vineyards, orchards and other small farming ventures. Sometimes, though, he mixed his own business interests with these agricultural ventures. For example, he cajoled a group to undertake the development of a vineyard in Caversham in 1893 and then sold them the land on which to undertake the task. It is also interesting to conjecture upon the extent to which some of these activities were undertaken in a fully voluntary capacity given that at least one of the participants in the Caversham vineyard was John Nanson, a sub-editor with *The West Australian* (d'Espeissis 1993). Harper promoted these activities via the parliamentary committees that were considered in the previous section and which will be returned to in chapters four and five below.

²⁹ D'Espeissis (1993) highlights further contributions to agricultural development by noting that Harper was the first to implement large scale irrigation of an orchard and was also the first to build earthworks at Woodbridge designed to retain the silt brought by the Swan River when it flooded.

The development of a dairy industry was yet another Harper objective. Accepted economic thinking of the time prioritised self-sufficiency in foodstuffs. Although insufficient pasture of an acceptable quality was available to support self-sufficiency in dairy produce, Harper did his best to reduce Western Australian reliance on butter and other foods imported from the eastern seaboard. In 1904/05 alone, 400,000 pounds of butter and cheese was imported from the eastern states (Cullity 1979) and this figure continued to grow. Establishing sufficient dairy land occupied Harper for much of his life, but the issue remained unresolved by the time of his death.

Harper founded a range of institutions that could pursue innovations in the agricultural sector. As in his business ventures, he was a natural associationist with the capacity to bring people together to work in concert to achieve outcomes beneficial to all. In 1883, for instance, he held positions as a committee member and treasurer of the Agricultural Society of Western Australia, which was the forerunner of the Royal Agricultural Society, and in 1896 he led efforts to establish the foundations of the latter society (*The West Australian* 23rd December 1896). In 1893 he sought the revitalisation of the viticultural industry by forming the Vine and Fruit Growers' Association and in that year he encouraged the establishment of the Western Australian Co-operative Dairy Company in Busselton (Cooper *et al* 2004 p. 112 and p. 122). Harper also conducted various experiments aimed at mitigating numerous problems caused by a hostile environment and used these associations to promulgate the results.

Harper pioneered research into the use of fertilisers and other techniques to improve Western Australian farm yields. He became the first person in Western Australia to broadcast superphosphate (Mercer 1958); he developed a sheep-shearing machine to reduce the labour requirements of farmers; and in 1907 he took out a patent for a method of using human sewerage from septic tanks to fertilise the land (*The West Australian* 4th September 2000). These experiments and their results were, generally, made available to anyone who was interested. Using *The West Australian* and the *Western Mail*, as well as his parliamentary position, Harper constantly sought ways to disseminate information. He wrote a piece published in *The West Australian* regarding an experiment he conducted on fruitfly control (11th November 1897) and argued for the development of information sheets concerning tick eradication for distribution amongst graziers in the East Kimberley (WAPP 1898 No. A8 [V.2]). The need for the education of farmers became one of Harper's chief catch cries.

Finally, as mentioned in the previous section, he was involved in the political manoeuvring that led to the creation of the body that became the Department of Agriculture in Western Australia. He believed that such an organised government body could promote innovations, educational programs and the dissemination of new ideas within the agricultural sector. The development of this body is discussed more fully in chapter four on colonial socialism, as it is a very clear example of Harper's desire to deploy public assets where he thought necessary. Suffice to say at this point, the establishment of the Bureau was a natural step for Harper and was a pragmatic response to the various problems facing farmers.

VI. Harper's Religion and Civic Responsibilities

Harper somehow found time to fulfil numerous civic responsibilities while pursuing the commercial, political and agricultural enterprises described in the previous sections. In an age in which religion loomed large, it is not surprising that many of these responsibilities entailed building and maintaining institutions that were supported by religious bodies. Nearly all of such civic duties were therefore coloured indirectly with sectarian issues. According to Roberts (2000 p. 25), religion in Victorian Britain "consisted of an unending struggle between sects." Issues such as the appropriateness of maintaining the Established Church and the disabilities suffered by Catholics, Jews and other non-conforming religionists were just as important in the wider nineteenth-century British Empire as they were in England. Debates regarding churchmanship, public funding of religious schools and the inevitable friction between the Anglican and Catholic sects were transferred to Western Australia in the same way that co-operative ideas were. Inter-faith conflict was, however, less important to the Anglican community than their own internal squabbles regarding churchmanship (Crowley 1960, Stannage 1981, Holden 1997).

This apparent lackadaisical attitude toward sectarian partisanship may partly be explained by considering the state of the Anglican Church in Western Australia throughout the nineteenth century. From the founding of the Colony in 1829 to the enthronement of Bishop, later Archbishop, C.O.L Riley in the Western Australian diocese in 1895, the dominance of the Anglican Church was never seriously challenged by any other denomination. It was numerically larger, financially stronger and more politically powerful than the Catholic Church, which was the next most significant denomination (*The West Australian* 5th February 1895). It also dominated the membership of the legislature and clubs. The very future of the

Catholic Church, by contrast, often seemed to be in danger, especially as it was also rent with destructive demarcation disputes amongst bishops. For example, Archbishop Polding of Sydney was required to travel to the Colony to settle a dispute between Bishops Serra and Brady, while, in time, Bishops Serra and Salvado also crossed swords (McLay 1992). The Anglican Church was more concerned with theological issues inherited from Britain rather than these more earthly issues, and especially became occupied with the bitter conflict between Low Churchmanship and the Oxford movement of High Churchmanship.³⁰

The initial supremacy of the Anglican Church paradoxically meant that it became a laggard in the construction of the infrastructure necessary to deliver its social and spiritual services. The theological battles within the Anglican community dissipated the energy of the church leaders and, combined with the relatively relaxed attitude of these leaders to their responsibilities in developing social capital within the Colony, meant that the Anglican Church did not achieve anywhere near the same social outcomes as the numerically smaller Catholic Church. The latter seemed to excel in adversity and, by the end of the century, dominated the Anglican Church in the social areas of education, Aboriginal mission work and services for the poor European population (de Garis 1981). In 1895, for example, the Anglican Church operated only two schools within the Colony, while the Catholic Church operated 19 (Boyce 1957). Riley moved quickly to try to reverse the apparent stagnant state of the Anglican Church's ministries in his Diocese. He travelled many thousands of miles to visit each of the parishes and to assess, instruct and chastise the incumbents. He had a vast amount of lost ground to recover.

Harper was to make a substantial contribution to the building of this Anglican infrastructure. As one would expect of a pillar of society and, given his especially religious upbringing, he was a mainstay of the Anglican Church. However, his approach to Anglicanism particularly

³⁰ Although the Anglican Church is sometimes represented as a unified organisation at this time, Holden (1997 pp. 4–17) convincingly demonstrates otherwise. Hawtrey (1949), for instance, claimed that Bishop Goldsmith resisted the temptation to introduce High Church elements into services in his See when he became Bishop of Bunbury in 1904, but he did, in fact, do so and was a principal leader of the Oxford “party” (see also Bartlett 2004). Indeed, the conflict between High and Low Church amongst clerical and lay personnel became a significant problem for Riley, who seems never to have expunged it. Holden (1997 p. 6) cites an example of this struggle when he relates how Hackett used his influence as editor of *The West Australian* to prevent Goldsmith from being elected as Bishop of Perth upon the death of Bishop Parry. Another example of this divide is reflected in the occasion of the ceremony for the laying of the foundation stone of Christ Church in Claremont, which included the St George Cathedral Choristers dressed in red cassocks and white surplices because of “...the influence of Dean Frederick Goldsmith, very High Church if not indeed Anglo-Catholic” (Sharp 1993 p. 492).

and religion generally suggests that he was pragmatic and also somewhat lackadaisical in his churchmanship, even though he always remained determinedly anti-Catholic. Like many colonists, he was able to segment his mind in relation to religious questions and pursue practical outcomes. This meant that that he could consider any question without recourse to overly emphasising any relevant religious aspect. Laidlaw (2005) has identified this phenomenon as the “separate lives” led by colonists.

Harper was an Anglican layman (Alexander 1957) and the *Western Mail* (22nd April 1912) reported that he was closely identified with Guildford Church. Although not expressed specifically, the newspaper was describing St Michaels, of which Grimes was the vicar and which was established within only a short walk of Woodbridge. Reverends Grimes, A. Eddington and P.U. Henn (of Guildford Grammar School) officiated at Harper’s funeral. The same article reports that, curiously, Harper was laid to rest at Karrakatta cemetery, notwithstanding that his Will allowed for the allocation of £100 to the Diocesan Trustees of the Church of England for the sole benefit of St Matthews, Guildford (Last Will and Testament of Charles Harper HFP MN94/1973A/10). Grimes has left us a description of Harper as a reserved man who believed in prayer and held a sincere faith, but “...was not given to talking easily about sacred things” (C.H.D. Grimes to Mrs Harper HFP 3706A/16). Harper was said to believe that suffering was not pointless, but, rather, allowed one the prospect of perfection. His father’s simple and non-dogmatic faith seems to have infused Harper. It allowed him to broaden his religious views over the course of his life.

It is consistent with this simple view of religion that Harper established what became Guildford Grammar School as a private, secular though Anglican leaning—rather than expressly Anglican—school in 1895. The school’s establishment is important as it is today one of the leading private schools in the State. It was established primarily to serve the local farmers and colonial gentry by giving them the opportunity to send their children to a non-Catholic school and to avoid the cost of sending them to an Anglican school outside of the Colony. The school itself was initially located at the Harper residence at Woodbridge, and hence the establishment of this institution was also designed to benefit his own family, with all of his children enrolling at some point (McMullen 2012). It was later re-located to its present site, a short walk east along the Swan River from Woodbridge. As part of what appears to be a simplification of his affairs as he approached old age, Harper sold the school to the Anglican Church in 1909 on condition that he retained financial control (GGSA 176-

1990A, Boyce 1957, Sharp and O'Hara 1992). Provision was also made for an allotment of Woodbridge land to be transferred to the school upon Harper's death on the condition that the school remained under the control of the Protestant religion.

The stipulation in this last will and testament that Guilford Grammar School should be Protestant, rather than expressly Anglican, signals that Harper was happy so long as the school was neither Roman Catholic nor secular (Harper's Last Will and Testament HFP MN94/1973A/10). A further example of Harper's apparent religious indifference occurs in a letter he wrote in his capacity as the vice-chairman of the Girls' College of Western Australia. The copy extant in the Harper Family Papers is unaddressed and undated. He there stated that it was imperative that the education of the girls of Anglican families should take place in the Colony rather than in Adelaide, where some of the wealthier local families then sent their offspring for their schooling. He added that he was indifferent as to whether the religious education of such schools was driven by expressly Anglican or any other *non-Catholic* creed (HFP MN94/1973A/15).

In addition to his important contribution to the establishment of Guildford Grammar School, he assisted other education ventures. He was a one-time vice-president of the above mentioned Girls' College of Western Australia; was involved in discussions around the development of Christchurch Grammar School when it was proposed by Canon William McClemans that Christchurch become a preparatory school for Guildford Grammar in 1910-1911 (Sharp 1993); and was instrumental in the establishment of schools via his work on the committee of the Anglican Board of Missions (Hunt 1978). He also made a significant contribution to the building and maintenance of other social infrastructure by acting as a board member of the Museum and Public Library Board (Mercer 1958), a member of the Anglican Board of Missions (*The West Australian* 18th September 1886) and a promoter of the same Beverley Mechanics' Institute that his father supported (*The West Australian* 1st August 1890).

While an overt social contribution was expected of those in the leading echelons of society, there is evidence that Harper also had a softer side, particularly when it came to his staff and where concessions he wished to make did not affect any interests besides his own. He was prepared to support and assist those in need covertly to maintain the dignity of those he helped. In the early 1900s, for instance, Harper and Fanny provided assistance to Nellie

Gillespie, the widow of William Gillespie, who, prior to his death in 1904, had been principal of Guildford Grammar School and had apparently been allocated an ownership interest (GGSA AB49 176/1990).³¹ Nellie Gillespie was allowed to remain in her position as Matron of the School after her husband's death, which provided her with an income, accommodation and the ability to remain in custody of her own children. Harper's magnanimity was affirmed by Mrs Gillespie when she wrote of his kindnesses, stating "that as long as you are here and that I do my work well, and faithfully, that I shall have nothing to fear, as you have always acted most honourably and generously towards me." (GGSA AB49 176/1990-1 1st March 1904).

It soon became apparent, however, that Mrs Gillespie found her position too imposing and had succumbed to drink (GGSA AB49 176/1990-1 various). From 1904 onward, the Harpers (both Charles and Fanny) supported and forgave Gillespie on a number of occasions and after a number of—sometimes public—relapses. These letters showed that the Harpers were supportive and non-judgmental of Gillespie's failings and, notwithstanding the obvious effects on the School's reputation and operation, Harper repeatedly accepted Gillespie's remonstrances that each episode was to be the last (for example, letters dated 27th July 1905 and 3rd March 1906).³² Indeed, although the final outcome seems never really to have been in doubt, upon communicating to her the School Council's decision to terminate Mrs Gillespie's services, Harper confirmed that he would personally continue to pay her wage of £35 per annum and that an undefined amount from Mrs Harper would also continue to be paid (GGSA AB49 176/1990-1 11th November 1906). Clearly Harper and his wife believed in more than just economic development. It is likely that other episodes of personal philanthropy were undertaken by the couple over their lives and that they considered their social responsibility both in the context of their public face and their private sense of duty.

Harper did not voice his religious opinions sufficiently for the historian to determine his precise churchmanship. It is known that he argued against the appointment of Goldsmith on the grounds that the latter was too High Church (Holden 1997), but he was largely disinterested in such intra-church squabbles. The pragmatic, action-centred, bushman,

³¹ There is correspondence indicating that Gillespie's interest in the School was to be transferred to Harper, but that the cost of educating Gillespie's son, who attended Guildford Grammar, would be deducted from the valuation. Harper offered Gillespie payment terms of three years at six per cent interest (Harper to Gillespie GGSA 176/1990-1 February 13th 1904.)

³² In this letter Gillespie stated that she only drank for medicinal purposes and that its effects were increased by mixing the alcohol with headache powders (GGSA AB49 176 1990-1).

explorer and businessman was more interested in practical outcomes. Indeed, Harper's primary reason for building educational institutions was due less to any religious orientation than to his strongly held belief that it was his duty to help others, especially those less fortunate than himself. In an article published in the *Western Mail* (22nd April 1912) reporting his funeral, it was emphasised that Harper had maintained a lively concern for the State. This concern included the desire to develop educational opportunities for the children of farming families, to participate in sporting and other organisations for the betterment of all aspects of life in Western Australia, and for the development of economic policies aimed at improving the living conditions of those less fortunate than himself. He wished the lives of all colonists to flourish.

VII. Harper and Aboriginal Dispossession

Religious issues also buffeted the Aboriginal question at this time. Harper conducted verbal and written exchanges with a number of Catholic leaders in relation to the Aboriginal question, amongst other issues, over the course of his life. He specifically engaged with both Bishop Gibney and Bishop Salvado of New Norcia over the treatment of Aborigines, their rights regarding land use and their capacity for being civilized in the image of Europeans. These exchanges were mainly driven by Harper's own commercial interests in the North West and his life-long ambitions for economic growth and wealth for the Colony. He was keen to ensure church missionaries and liberals did not impose their unwanted ideals in a way that would restrict the settlers in the North West and place his and his compatriots' interests in jeopardy. In these exchanges, Harper was not above invoking religious rhetoric in support of his proposed solution.

For instance, in a letter of 24th July 1880, Salvado took issue with Harper's claim that Aborigines should become Christians and "stand firm against the temptation to vice," since he did "not consider it fair to expect from the Aboriginal Christians that of which we cannot boast" (HFP MN94/1973A/4). Again, at a meeting at the Town Hall in Perth in 1893, the issue of Aboriginal rights in the context of the development of the North West was the topic of the day. Bishop Gibney spoke on behalf of Aboriginal rights and sought to decry Harper as a representative of a few wealthy, privileged landowners who were out of step with the popular view. Harper, in response, was equally eloquent against any concession that would see development delayed or adversely impact the interests of the settlers. The exchange

clearly demonstrated Harper's position when economic advancement was threatened (Durack 1967).

Mercer (1958 pp.75-89) uses these debates and the wider political machinations associated with the treatment of Aborigines to present evidence of Harper's capacity for logical thinking. This is in step with Mercer's hagiographical approach to Harper's life. The truth of the matter is that Harper developed his position on the rights of Aboriginals by reference to their capacity to assist or retard the economic growth of the Colony. This appears to be the yardstick by which he measured most issues, whether political, economic, religious or social. It was a position neither unusual amongst many people of the time nor out of step with the broader economic position of the Colony and its requirements for development and sustainability. In other words, his general attitude toward Aboriginals was a morally unattractive position that was commonly adopted at the time. However, his responses to the clerics' support for Aboriginal equity and his role in the Gribble Affair, which was mentioned briefly earlier in this narrative as the basis of the Onslow affair, places Harper in a much more unattractive light.

The Gribble Affair was, in many respects, a division between the influential elite represented by the old families, of which Harper was a member, and the "humanitarian, new liberals within the Colony" (Hunt 1978 p. 28). The former attempted to retain their capacity to utilise the Aboriginal people for their purposes, without constraint or interference, while the latter sought to "raise" the Aboriginal people. Harper was an important and influential member of the patrician class and this vignette—which is necessarily truncated due to space constraints—demonstrates a major failing in his character that is not reported in the existing literature. Specifically, it demonstrates Harper's incapacity to place ahead of his own interests those of Aboriginal people. To be sure, Harper's position throughout this affair was commensurate with the majority of those with interests in the North West. Indeed, he and his business partners were amongst the largest employers of Aboriginals in that region (Forrest 1996 p. 165). It nonetheless should not be forgotten that not all members of the colonial elite took Harper's position.

The Anglican Reverend J. B. Gribble arrived in Western Australia in 1885 at the invitation of the Anglican Missionary Society in Perth. His purpose was to undertake missionary work, especially in support of Aboriginal people in the Gascoyne District (Hunt 1978). Motivated to

save heathen souls rather than to achieve equity for Aboriginal people, Gribble nevertheless fell foul of the settler community in the North West when he reported what he found in the region and attempted to mitigate some of the injustices that were taking place. These included the ‘labour system’ used to effectively indenture the Aboriginal population at best or enslave them at worst; the male white population’s treatment of Aboriginal women; the Aboriginal people’s vulnerability to alcohol and other imported evils; the white man’s use of violence—the whip and the gun—to punish and to cajole; and the pressure placed on Aboriginal people not to visit the religious missions (Hunt 1978 pp. 16-17).³³

The opposition to Gribble began almost immediately upon his arrival and revolved around the settlers’ perceived need for cheap Aboriginal labour and their right to use the Aboriginal people for their own ends (*The West Australian* 30th October 1885). The Aboriginal people were not perceived as being equal to the colonists and even Gribble presumed that they were among the “...the lowest orders of mankind” (Hunt 1978 p. 3 and p. 21). During this initial period, the local population and the Anglican Missionary Society moved to restrain Gribble by making his life difficult in the missions and by failing to support him in Perth.³⁴ Harper was a member of the committee of this Missionary Society and he also used *The West Australian* to spearhead attacks on Gribble (Forrest 1996 p. 148).

Gribble’s book, *Dark Deeds in a Sunny Land*, was published in parts in *The Inquirer* in 1886. His diary was serialised in that journal in the same year. The upshot of this acrimony was that the church hierarchy supported Gribble, but the laity, including Harper, did not. Gribble was therefore dismissed by the Missionary Society in February of 1886. The Perth community was still a source of support for Gribble, though he left for the eastern colonies in that year (Hunt 1978 p. 52). Participating in the debate and reacting to considerable press support provided to Gribble in Melbourne (Hunt 1978 p. 52), *The West Australian* (24th August 1886) (acting on the instructions of its part-owner, Harper) called Gribble a “...lying, canting humbug”. Gribble’s reaction was to sue the publication for £10,000.

³³ Gribble was not the first to raise concerns with respect to the treatment of Aboriginal people in the North West. David Carley, an ex-convict, had also raised concerns, as had the Fairbairn Commission, which reported in 1882. Of significance though, once Gribble had raised his concerns and generated a not inconsiderable disturbance in the political balance, such concerns raised by others were revisited (Hunt 1978 p.11-12 and pp. 35-36).

³⁴ For instance, Hunt (1978 pp. 17-29) reports that the locals refused supplies to Gribble, would not allow his building and other materials to be off-loaded when they arrived by sea and passed resolutions which were transmitted to Perth indicating that they would prefer Gribble to discontinue his operations. Indeed, these communications were worded such that all missionary work should be discouraged.

As mentioned earlier in this chapter, although Harper and Hackett ultimately won this libel case, the episode does not cast a positive light on Harper from the modern vantage point. It is clear from the evidence that Harper was a central player in resisting a more civilized and progressive treatment of Aboriginal people in Western Australia. He simply pursued his and his fellow colonists' interests using every advantage he could deploy without giving thought to the religious or moral implications, let alone the internal inconsistencies of his position. It seems that Harper's desire to develop an agricultural-based economy that would benefit the community at large (as well his own interests) entailed a definition of community that excluded the Aboriginal people as full citizens.

VIII. Conclusion

Harper was buried in Karrakatta cemetery after a long illness, the nature of which has not been recorded for posterity (H. B. Lefroy to Mrs Harper 23rd April 1912 HFP 3706A/16), and his passing was noted and commented upon by many. The *Western Mail* (27th April 1912) provided the most comprehensive coverage of Harper's funeral procession and made mention of the many dignitaries who participated in the funeral rites, including Sir John Forrest and John Winthrop Hackett. All aspects of his life—exploration, politics, business, church and social—were reported upon, but it was his contribution to agriculture that was emphasised. Harper believed, above all else, that Western Australia should pursue a high growth strategy by prioritising the agricultural sector, and hence he channelled most of his energies into making this vision a reality. He also leveraged his own wealth and privileged position as a member of the colonial elite to persuade those around him that this was the right course of action. He was particularly adept at manipulating the everyday machinery of government, such as committee hearings, to get his way in the face of sometimes considerable political opposition. It might be argued in some circumstances that he was manipulating a system to serve his own interests, but, in Harper's eyes, his interests and those of Western Australia were always one and the same thing.

Harper's most enduring contribution to Western Australia was his establishment of a co-operative tradition in the agricultural sector to overcome the economic problems faced by the settlers in frontier districts. His belief that co-operation was one means by which to overcome Western Australia's economic problems was, in part, due to his own experiences on the

frontier. Harper invariably worked in concert with family members, friends and associates to overcome trying frontier circumstances in endeavours including farming, exploring, pearling and pastoral management. Settlers co-operating in this way to overcome frontier problems was far more typical than the individualistic solutions that are normally presented in popular culture. Indeed, the concept of a heroic and rugged individual settler exploiting virgin territory is to some extent a myth. Those most impressed by Harper were the fellow co-operators whom he assisted, and they stated so to the Harper family following his death. T.H. Bath, who became minister for lands and agriculture in 1911 as a member of the Scaddan government, informed the Harpers that he did not know anything about co-operation when he was involved in a “little group of Kalgoorlie Boulder men” who sought, and failed, to establish a consumer co-operative based on the model of the Rochdale Pioneers (HFP 3706A/16). However, Bath recognised that Harper had a flair for resolute and inspired leadership of co-operative endeavours. It is to these endeavours that I now turn in chapter three.

Chapter Three - Visions of English Co-operation in the Victorian Age: Charles Harper's Intellectual Inheritance

*“‘Drink Henry Fray – drink,’
magnanimously said Jan Coggan –
a person who held Saint-Simonian
notions of share and share alike
where liquor was concerned”*

(Hardy 1874)

I. Introduction

Harper repeatedly traversed the different Western Australian agricultural regions throughout the 1890s and 1900s to found new co-operatives and to organise those co-operatives that had already emerged to overcome the economic problems that typically face settlers in a frontier economy.¹ Harper initially undertook this task in his capacity as inaugural chairman of the Agricultural Bureau, which was made operational in 1894 and was designed to implement the findings of the 1887 Royal Commission into Agriculture. He served on this Commission and the findings that it delivered in 1891 included the proposal that co-operatives be used to enhance productivity in the expanding agricultural sector. Harper also organised co-operatives in a private capacity at much personal cost and effort, and continued to do so after he retired from the Bureau in 1898 and from formal political life in 1905. The most important product of these years of toil was the establishment of the Western Australian Co-operative Producers' Union in 1902.² This acted as a central organising institution for all Western Australian co-operatives and eventually became part of Wesfarmers. Harper and his fellow co-operators were, in part, inspired to undertake these endeavours by the idealistic co-operative traditions that had been established in Victorian Britain, but, as repeatedly stated in this thesis, the main prompt for their actions was the need to solve frontier problems in a pragmatic fashion.

In this chapter I contrast Harper's pragmatic co-operative vision with the British co-operative traditions that accompanied the migrants to Western Australia as intellectual baggage. It is argued that the British co-operative traditions were predominantly developed to overcome the

¹ See the reports published in *The West Australian* 24th July 1889, *Kalgoorlie Miner* 15th July 1896, *Eastern Districts Chronicle* 5th May 1897, *The West Australian* 19th May 1897 and 2nd March 1898.

² For references to Harper's involvement in the institutions described in the narrative above, see *The West Australian* 7th September 1887, *The Inquirer and Commercial News* 2nd December 1891, *The West Australian* 20th January 1894, *The Daily News* 16th May 1894 and *Eastern Districts Chronicle* 14th October 1905.

inequities of the industrial age in the Old World, whereas Harper's co-operative system was predominantly designed to achieve the pragmatic goal of overcoming frontier problems faced by settlers in the New World. It is also argued that the British co-operative traditions were mainly used by Western Australian co-operative leaders to induce idealistic settlers, who had been exposed to these traditions, to join settler co-operatives that had far more pragmatic goals.³ Finally, it is argued that the British co-operative traditions are more varied than is conveyed in the secondary literature devoted to Australian co-operation, with the authors of these tracts usually making isolated references to particular co-operators, such as the Rochdale Pioneers.⁴ A richer account is given here by considering four key British co-operative traditions: Robert Owen's utopian co-operation, J. M. Ludlow's Christian socialism, J. S. Mill's liberal socialism, and J. T. W. Mitchell's consumer co-operation.⁵ The main conclusion is that these traditions mutated once they were transplanted to the frontier environment and, to a large extent, were merely drawn upon in rhetorical fashion to justify policies that were already being pursued.

These contentions and accompanying case studies are explored in eight sections. In section two, I highlight the major fault-lines in co-operative historiography to provide the general context for my four case studies of British co-operative thought. In sections three to six, I present the four case studies. In section seven, I describe Harper's intellectual inheritance by comparing his words and actions with those of the British co-operative traditions considered and within the broader context of the main historiographical fault-lines relating to co-

³ For early references to the benefits of co-operation, see *The Perth Gazette and Western Australian Journal* 26th October 1833 and 19th October 1839 and *The West Australian* 17th July 1902. For the need for the government to support co-operatives, see the *Western Mail* 22nd September 1888 and 7th January 1893, *Westralian Worker* 14th September 1890 and *The Daily News* 13th October 1911. For the way that co-operatives could improve farmers' lives see *The Perth Gazette and Western Australian Journal* 14th January 1837, *The Inquirer and Commercial News* 1st July 1868, *The West Australian* 24th July 1889, *Southern Times* 3rd September 1896 and the *Western Mail* 15th May 1896. For discussions pertaining to Robert Owen, the Rochdale Pioneers, Charles Kingsley, G. J. Holyoake, F. D. Maurice, J. M. Ludlow and E. O. Greening, see *The Perth Gazette and Western Australian Journal* 24th December 1842, *The Inquirer and Commercial News* 9th February 1859, 24th July 1889 and 17th September 1897, *The Daily News* 16th April 1890, *The West Australian* 13th December 1902, the *Western Mail* 25th July 1903, *The Pilbara Goldfields News* 29th December 1906 and *Great Southern Leader* 29th May 1908.

⁴ The following authors make reference to at most one or two co-operative traditions when they consider the Australian co-operators: Mercer (1955), Sandford (1955), Mercer (1958), Glynn (1975), Hogstrom (1979), Smith (1984), Zekulich (1997), Ayris (1999), Goldfinch (2003) and Thompson (2014).

⁵ A more detailed account of the development of British co-operative thought is not attempted because this is a thesis about Harper's co-operative vision and not British co-operation *per se*, and, more importantly, Harper and his fellow colonists would have been surveying the British traditions on the level of this broad sweep and in the context of what was to them the modern discussion pertaining to co-operation. Also note that Harper's intellectual inheritance in relation to co-operative thought was predominantly Anglophone in nature. The ideas of the important French co-operative promoters would have reached Harper (if at all) only via British interpretations, and thus they need only be considered here in relation to their British interpreters.

operation. In section eight, I provide some concluding remarks which emphasise that Harper's co-operative vision was driven partly by his intellectual inheritance, but mostly by the economic problems unique to colonial Western Australia.

II. The Fault-Lines in Co-operative Thinking and Practice

(i) Introduction to the Historical Trajectory

The long and rich British intellectual tradition in relation to co-operation was transmitted to the very edges of the Empire and hence it is implausible that Harper developed his co-operative vision in isolation.⁶ It is now widely accepted that this tradition predated Robert Owen, even though the latter is still misleadingly referred to as the father of British co-operation in some popular historical narratives on the subject.⁷ Tracing the birth and historical trajectory of British co-operation is, however, highly contested historiographical terrain. The key turning points in the history of British co-operation, including the precise starting date, elude us, in part because there is no complete set of records of this movement prior to the advent of a centralised register of co-operatives well into the nineteenth century. The accuracy of these registers, once they came into existence, has also been called into question because co-operative promoters took advantage of the opportunity to incorporate their entities under different enabling legislation, often out of ignorance (Ludlow and Jones 1867 pp. 145-146).

Tracing the historical trajectory of co-operation is made even more problematic by the changing nature of co-operation over the length of the nineteenth century, the impact of other similar movements—such as the Friendly Societies—and the evolving intellectual positions of its chief advocates. In short, there is no one, unchanging version of co-operation that is uniform throughout nineteenth-century Britain. Faced with these complexities, historians have tended to describe the development of British co-operation as a neat teleology that

⁶ An example of the extent to which the idea of co-operation was transmitted within the Empire, and its important legacy as a form of economic organisation in many developing nations, is the 1955 report of the establishment of an elephant-catching co-operative in Burma, a former British colony (*Western Mail* 6th January 1955).

⁷ For general histories of co-operation, see Fawcett (1860), Moffrey (1904), Podmore (1905), Bonar (1905), Holyoake (1908), Fay (1910), Himes (1928), Mercer (1947), Gollan (1960), Bonner (1961), Gosden (1961), Cole (1951, 1964), Tawney (1964), Beecher and Bienvenu (1971), Manuel (1971), Saville (1972), Backstrom (1974), Johnson (1974), Jones (1976), Ionescu (1976), Beecher (1986, 2006), Burrow (1988), Blaug (1992), Gurney (1996), Cunliffe and Errevgers (2001), Jossa (2005), Lambert (2011) and Calhoun (2012).

begins with utopian co-operative ideals in the latter part of the eighteenth century and ends with the victory of very pragmatic co-operative ideals in the late nineteenth century. There is a certain logic to this description because the utopian socialists of the early part of this period on both sides of the channel—including the likes of Charles Fourier, Claude Henri de Rouvroy (better known as the Comte de Saint Simon) and Robert Owen—prescribed co-operative arrangements that were intended to fundamentally change the human experience, while the supporters of organisations such as the Wholesale Co-operative Society in the latter part of this period had no such intention (Redfern 1923, Butt 1971, Beecher 1986, Blaug 1992).

The concept of a teleological path from utopian to pragmatic co-operation is a useful historiographical device for marshalling the historical particulars and hence will be deployed, *in a heavily qualified form*, in this narrative. Qualification is required because, even though the broad trajectory of the co-operative movement over the course of the Victorian Age entailed a movement from utopian to pragmatic co-operation, numerous errors in interpretation arise when one adheres to this trajectory in a blinkered and unbending fashion. One set of potential errors arises from the many problems associated with defining utopian and pragmatic co-operation. Once these problems are dwelt upon it becomes apparent that pragmatic co-operation was always present in some form and that there were mild swings between the two co-operative visions around the long-term trend towards pragmatism. Another set of potential errors arises if the trajectory from utopian to pragmatic co-operation is allowed to monopolise our attention. Once the danger of this monopolisation is recognised it becomes apparent that the trajectory was buffeted by numerous, often equally important, debates that also need to be considered. These two possible sources of error are considered in turn.

(ii) Defining and Categorising Problems

Allocating a co-operator to either the “utopian” or “pragmatic” end of the spectrum is made problematic by the difficulty of defining the pragmatic and utopian visions with sufficient precision to give them operational meaning. All co-operative promoters, for instance, argued that their goal was to improve the lot of individuals in an effective way, and hence all could be described as both utopian and pragmatic. For the purposes of this thesis, however, the extent to which a co-operator had a utopian or pragmatic intent is determined by the priority given to (i) improving the individual’s lot by transforming social arrangements to induce a

change in their nature in a way that allowed them to live a better and more equitable life, or (ii) improving the individual's lot by making slight alterations to the existing social arrangements to allow people to have a greater share of the goods and services produced. More specifically, utopian co-operators saw communitarianism, associational socialism or co-operation as a means to reorganise the social environment in a way that allowed a "*mutable man*"⁸ to improve his nature and to achieve *ideal* and more equitable outcomes. Pragmatic co-operators, on the other hand, saw communitarianism, associational socialism or co-operation as a vehicle for "*existing man*" to improve his material reward and to achieve more equitable outcomes.⁹

The difficulty in allocating promoters on the basis of the priority they gave to utopian or pragmatic ends is made more problematic by the misleading and/or opaque rhetoric they used. All promoters, regardless of the end they prioritised, adopted the language and actions associated with both pragmatic and idealistic thought, either unconsciously or knowingly, to mobilise resources and public support. Many drew upon whatever was the dominant philosophical or economic thinking of the day to avoid the stigma of being identified as fanciful in a scientific age. The utopians naturally sought to rationalise their arguments for creeping fundamental change by reference to the prevailing utilitarian philosophy and emphasised the social benefits expected to flow from the implementation of their prescriptions. The pragmatists, on the other hand, sought to utilise idealistic arguments to gain support from the elite classes and to remain in step with the broad sentiments of the time.

⁸ Although I have sought to maintain a gender neutral perspective throughout this thesis, the phrases "*mutable man*" and "*existing man*", and their derivatives, are used here as they were phrases of considerable importance in the original thinking being described and have also been used by historians of thought in their analysis. The "*mutability of man*" is a particularly important phrase that, in its original use, referred to people. As such, in the interests of developing a cogent and effective appraisal of these ideas, I have used these phrases where I think the narrative would be deficient if an alternative phrase was used.

⁹ Communitarianism, as opposed to communism, was the practice of establishing communities in which co-operative arrangements could be pursued. In the case of Owen, these were called "*Villages of Co-operation*" while, in Fourier's prescription, they were called "*Phalanxes*" (Beecher 1986). Also note that, in the Victorian era, the terms "*associational socialism*" and "*socialism*" more generally (especially when used by the likes of Mill) implied a form of social co-operation that differs dramatically from state socialism or twentieth-century communism. Finally note that, unlike in many of the later communist-cum-Marxist movements, nearly all co-operators sought to introduce co-operative arrangements in an evolutionary rather than a revolutionary manner, and hence the pace at which they sought change is not relevant for defining the utopian or pragmatic categories. Most wished to incrementally reorganise the industrial productive capacity arising from the Industrial Revolution in such a way that the populace would benefit more equitably.

The employment of idealistic rhetoric to galvanize support for pragmatic ends, as opposed to the use of pragmatic rhetoric to curry support for idealistic ends, was particularly common. Pragmatic-oriented co-operators used community building rhetoric, participated in national co-operative organisations alongside utopian co-operators, and established community infrastructure (including schools and libraries) with much idealistic fanfare. Dr William King's movement in Brighton in the early part of the nineteenth century is an early example of predominantly pragmatic co-operation (Mercer 1947) masked by such rhetorical gloss. King was adept at recruiting the local Brighton elites to his cause by making reference to the popular ideas of self-help, the mutability of man and the Christian virtue inherent in co-operative efforts. The advantage he derived in refraining from antagonising religious sensibilities and the conservatively-minded was in stark contrast to the damage Owen did to his cause by rejecting religion and alienating the elite classes. King's priorities of building capital, undertaking risk averse trading and focusing on issues relevant to the common membership, demonstrates that pragmatists existed, in some form, from the start of the proposed trajectory.

Categorising the co-operative promoters as utopian or pragmatic may also be misleading if the beliefs of these promoters are taken to represent those of the co-operators they ostensibly led. Leading promoters represented a diverse membership base, with each member holding a different perception of the objectives and strategies that their co-operative was pursuing (Gilchrist and Moore 2007 pp. 2-3). Members often held an imperfect understanding of the ideals advocated by the promoters, did not necessarily care about the millennial aspirations of the leadership, were not always entirely loyal to the co-operative, and did not necessarily subscribe to the specific objectives set for an organisation or its membership.¹⁰ As such, the statistics regarding the numbers of co-operatives, the size of the membership roll, and the turnover of the co-operatives are important, but not definitive when considering the penetration of a particular co-operative ideal within a given society (Gurney 1996 pp. 80-81). The class system also sometimes served to ensure that the working classes, the intended beneficiaries of co-operation, held a more conservative and pragmatic sense of the purpose of co-operation than their utopian leaders (Calhoun 2012 p. 31). Co-operation may have even been an instrument by which to maintain the *status quo* during periods of political upheaval.

¹⁰ For instance Ludlow and Jones (1867 pp. 136-137) reported in 1865 that, often, members of co-operatives used the co-operative store and patronized other commercial concerns according to what suited their needs best.

The early co-operatives were certainly more pragmatic in orientation if the members rather than leaders are examined (Ludlow and Jones 1867 pp. 136-137).

Further problems in defining a co-operative promoter as either utopian or pragmatic arise if the totality of a promoter's life is examined. Promoters held different views at different points in their lives and, at any given point, in different departments of their lives. For example, co-operators who were sympathetic to the Christian socialist co-operative efforts, such as Charles Kingsley, became more wary of such utopian efforts after these schemes failed to live up to their initial promise (Norman 1987). On the other hand, co-operators such as J. T. W. Mitchell of the commercially-oriented Co-operative Wholesale Society pursued noble objectives of a religious, idealistic and philanthropic nature independently of their pragmatic co-operative endeavours (Redfern 1923). As Laidlaw (2005) put it, co-operative promoters led multiple lives and their wider idealistic activities did not necessarily impinge upon or influence their co-operative activities.

(iii) The Way that the Utopian-Pragmatic Dichotomy Distracts Attention from other Debates

The central contest between the utopian and pragmatic co-operators that drove the uneven evolution towards pragmatic co-operation was accompanied by a range of allied and more specific debates, or at least conversations, amongst the co-operative promoters over what the goals of the co-operatives were and how they should be achieved. The issues that were raised in these exchanges are in danger of being suppressed if the trajectory from utopian to pragmatic co-operation is allowed to dominate completely. These issues are, furthermore, so varied that they need to be marshalled into broader conceptual domains if any order is to be brought to bear on the historical particulars in the short space available. I have chosen three main conceptual domains to structure in the four case studies of co-operators that follow.

The first set of contested issues closely overlap the utopian-pragmatic debate and relate to the extent to which an individual's nature changes (if at all) and how this change comes about once he or she enters into a co-operative environment. Some, like Owen, believed that an individual would change once removed from the brutish competition of industrial capitalism; others, like Ludlow, believed an individual would imitate Christ once working in concert with his or her fellow citizens to achieve a common end; and still others, like Mill, believed that a mutable individual would become more independent and noble in character once he or

she broke the servile relationship with the capitalist. Some pragmatic co-operators, such as Mitchell and Harper, simply did not dwell on the issue. The extent to which an individual's nature was mutable, and how this came about, also decided the question of whether co-operators should provide education, housing and social services.

The second set of contested issues relate to the degree to which the co-operatives should be managed democratically or by an elite, and whether that elite should govern the co-operative indefinitely or until the members had proved themselves sufficiently mature to take over the reins of management. A wide spectrum of positions was actually adopted. Owen assumed an almost dictatorial position in relation to the co-operators, Ludlow envisioned some sort of sixth form elite that would lead the aristocracy of the working class, while Mill eschewed all paternalism (as he believed that the associated deference prevented the mutable individual from evolving) and at most expected the co-operators to defer to natural talent. An allied issue was the extent to which the state should participate in the formation and management of the co-operatives, either by subsidising them or simply providing the regulatory and inspectorate system necessary to allow them to run efficiently. The contest between industrial democracy and paternalism also morphed into the debate over whether the profits of co-operation should be consumed by members immediately or should, in part, be distributed by a paternalistic hand to support philanthropic goals within the existing co-operative community, to promote co-operation, or to provide alms in the community more widely.

The third equally contentious set of issues relate to the appropriate structure of co-operatives. Each co-operator had a different view of how to limit moral hazard and adverse selection problems; the most appropriate method of distributing the rewards of production (whether by need, by effort contributed or by output produced); the degree to which co-operatives should compete and exchange goods on the basis of price; and whether the pursuit of producer or consumer co-operation was desirable. The consumer-producer question became increasingly central as the decades progressed (Backstrom 1974, Gurney 1996, Gilchrist and Moore 2007 p. 3, Lambert 2011). Indeed, the accepted trajectory from utopian to pragmatic co-operation is really one that began with 'idealistic' producer co-operation in the early and middle decades of the nineteenth century and ended with the more successful 'pragmatic' consumer co-operation by the end of the century. The two trajectories were eventually in lockstep and both ended with the ultimate victory of the pragmatic form of consumer co-operation, championed by people like Mitchell and those at the increasingly commercially-oriented Co-

operative Wholesale Society (CWS), over the idealistic form of producer co-operation, associated with John Malcolm Ludlow and Edward Vansittart Neale.

These three complex and multi-faceted debates may be mapped on to the main utopian-pragmatic trajectory. The shift towards a more pragmatic stance amongst co-operators, for example, was associated with less stress on altering a mutable individual's nature and a greater focus on the successful consumer co-operatives instead of the more idealistic producer co-operatives. Having stated this, pragmatic thinking was always present and this means that this mapping exercise should be undertaken with care and with additional complexities imposed when the needs of the historical narrative warrant it. In some contexts, for instance, it is more useful to dichotomise pragmatic co-operation into non-commercial and commercial co-operation. Specifically, from this perspective, the historical trajectory of co-operation could be interpreted as a movement from idealistic-oriented producer co-operatives with an element of pragmatism, to pragmatic-oriented producer and consumer co-operatives of a non-commercial nature, to pragmatic-oriented consumer co-operatives of an unalloyed commercial nature. The consumer co-operatives that eventually came to dominate at the end of the nineteenth century were more reminiscent of profit motivated joint-stock companies than community-changing organisations. They focused their attention on profits, conglomerate operations and returns to members.¹¹

Each of the four British promoters discussed in the following case studies are deemed to be either utopian or pragmatic. After a biographical account, the co-operative vision of each is considered in the light of the three debates outlined immediately above: the degree to which an individual is mutable, the extent to which co-operators should govern themselves and the type of co-operative structure that should be adopted. The commercial and pragmatic nature of the co-operatives that existed at the end of the century was markedly different from that envisioned by the early utopians such as Robert Owen, the subject of my first case study.

¹¹ The move toward commercial co-operation particularly gathered pace in the second half of the century (Gurney 1996), and eventually led to a showdown between the CWS and utopian co-operators throughout the 1860s, 1870s and 1880s. It was a complex and extended process, but Ludlow and Jones (1867 p. 142) considered that, by 1867, producer co-operation formed on the basis of profit sharing was giving way to consumer co-operation. The idealists, however, did not accept defeat, if at all, until the end of the nineteenth century.

III. Robert Owen (1771-1858) and the Co-operative Ideal

(i) A Brief Sketch of Owen as a Co-operative Promoter

I have commenced with a review of the work of Robert Owen of New Lanark for three important reasons. Firstly, he was one of the first co-operators both to describe his co-operative objectives and to map out their implications for society in a comprehensive manner. He thereby defined the key elements around which debate revolved during the middle of the nineteenth century (Butt 1971 pp. 9-10, Calhoun 2012, White 2012). Secondly, his explicit expressions of objectives, organisation and ideology were predominantly utopian in nature, and hence his co-operative vision acts as a clear contrast with the pragmatic co-operative vision that came to dominate the co-operative movement later in the nineteenth century. Thirdly, Owen's comprehensive articulation of his position continued to act as a template for what constituted co-operation for many intellectuals, both in Britain and abroad, after his death.¹² This extended to the Colony of Western Australia, where Owen's foundation template was commonly cited by pragmatic co-operative promoters, in a rhetorical fashion, to legitimise their ideas and motivate their members.¹³ An understanding of Owen's utopian ideals is therefore particularly important for understanding the statements made by Western Australian co-operative promoters such as Harper.

Robert Owen was born in Wales in 1771 and died in 1858. His life very nearly spanned the Industrial Revolution and hence, not surprisingly, it shaped the direction of his career. In particular, he sought to ameliorate the various social and economic problems that came in the wake of the Industrial Revolution via his co-operative prescriptions and the deployment of his own substantial fortune (Pollard and Salt 1971 p. vii). He commenced his working life as a ten year-old apprentice in textiles in Lancashire and, over a decade, was gradually elevated to the position of manager of a mill employing over five hundred people (Cole 1964, Lambert 2011). In 1799, at the age of 28, he became manager at the recently established New Lanark Mills (in Scotland) after marrying the daughter of its owner, Caroline Dale (Lambert 2011).

¹² His ideas were particularly influential in the United States and on the Continent. Podmore (1905) reported that such was the impact of Owen's thinking and activities that biographies of his life and work appeared in French and German over fifty years following his death. There is a significant literature pertaining to Owen's life and posthumous legacy. See Lambert (2011) with respect to Owen and Education, Davidson (2010) with respect to Owen and music, Donnachie (1971) on Owen's influence on practical communitarianism, Herrera (2013) and Sreenivasan (2009) on Owen's impact in the United States and Gurney (1996) and Calhoun (2012) on Owen's philosophy. See Cole (1964), Pollard and Salt (1971), Butt (1971), Claeys (1993), Taylor (1995), McLaren (1996) and Donnachie (2005) for general biographies.

¹³ For example, see *The Inquirer and Commercial Times* 9th February 1859, *The West Australian* 13th December 1902 and *Great Southern Leader* 29th May 1908.

In the following year, Owen became a partner with his father-in-law. He remained at New Lanark for over 25 years, eventually becoming managing partner, and built his reputation both as a social reformer and as a successful businessman (Davidson 2010). It was here that he developed ideas regarding the character of the individual which he carried for the remainder of his long life.

Owen transformed the New Lanark Mills into a highly profitable industrial enterprise with co-operative characteristics. It became his co-operative laboratory. The New Lanark community was composed of working people and orphans and paupers (Davidson 2010 p. 234). Owen believed that he could mould the character of the New Lanark citizens by changing the environment in which they lived and worked. As he later wrote, it was necessary to provide the right physical, moral and social environment to allow people's characters to change. It took a few years to win over the New Lanark community, but eventually Owen's improvements were accepted and, in *Address to the Inhabitants of New Lanark* in 1816, he enumerated these improvements (Davidson 2010 pp. 235-236). His commercial success at running the New Lanark enterprise also gave him the confidence to implement his prescriptions more widely. It inspired him with a "persistent conviction" of the practicality of communal villages that ultimately "outlived all demonstrations of its futility" (Podmore 1905 p. 258). Although Owen ultimately failed to replicate the success of New Lanark elsewhere and, indeed, failed miserably as an institution builder (Harrison 1971 p. 1, Pollard and Salt 1971 p. viii), New Lanark provided Victorian intellectuals with a vision of what a successful co-operative looked like. It was significant that, before he had exhaustively committed his ideas to writing, New Lanark also drew attention and allowed him to recruit many acolytes (Podmore 1905, McLaren 1996, Lambert 2011).

Owen's ideas began to be questioned seriously when the educated elite had access to his fully articulated ideas in print (McLaren 1996 p. 223), and, ultimately, when they scrutinised the singular failure of his and his acolytes' later co-operative endeavours. Owen's first attempt at communicating his ideas beyond his New Lanark "realm" was undertaken in 1816 with the publication of *A New View of Society or Essays on the Formation of the Human Character*. This was followed in 1817 with a report he presented to the Parliament entitled *Report to the Committee of the Association for the Relief of the Manufacturing and Labouring Poor*. Owen thought that if his arguments were sufficiently sound, the elite classes would simply implement them. However, although he received verbal support from a number of leading

figures in the community and thousands of visitors to New Lanark each year, he received virtually no parliamentary support for his ideas and certainly no action followed the publication of his report.

Owen, always difficult to dishearten, rationalised his failure by arguing that without appropriate education any efforts to move beyond the received wisdom would fail (Herrera 2013 p. 344). In 1820 he published a *Report to the County of Lanark* in which he outlined for the benefit of the local authorities his prescriptions for a better world. It was received almost with silence, confirming in the minds of many historians that Owen had reached the nadir of his power by 1816 and that his attempt to walk on a national stage was a failure. The 1820 report also represented a change in emphasis for Owen, since in it he proposed a more comprehensive economic formula to value goods produced in his proposed co-operative villages. Specifically, he proposed that value be determined by labour content and thereby reinforced the primacy of producer as opposed to consumer co-operation (Treble 1971 pp.39-41).

The lack of response to Owen's written ideas, combined with an increase in hostility to his ideas arising from the anti-religious and authoritarian nature detected in some of his narratives, induced him to leave for America in 1824. He felt that the New World would be free of the stultifying effects of the history and social organisation of the Old World and its citizens would, therefore, be more predisposed to implement his prescriptions. Owen was pleasantly surprised to find his reputation to be very strong in the United States (Cole 1971 p. 209). He purchased land in Indiana in 1825 and established "New Harmony", which was the first village of co-operation established using Owen's formula (McLaren 1996 p. 223). It collapsed within a couple of years.

While a lack of capital and increasing discord within the settlement were detrimental to New Harmony's continued existence, Owen believed that the co-operative experiment once again failed because of the national and cultural prejudices ingrained in the people. Therefore, when he was approached by the Mexican government to establish a new settlement in Texas, Owen was quick to articulate his precise requirements. This included that he be granted Texas as an independent state. Upon receipt of rejection by the Mexican government, Owen refused to continue and returned to the United Kingdom in 1829, believing that he had been

let down by others (Robertson 1971 p. 160, McLaren 1996 p. 224, Herrera 2013 pp. 345-6 and 356).

Owen found on his return that many co-operative organisations had come into existence and some 300 societies had been established by 1830. The first Co-operative Congress was held in May of that year (Podmore 1905 pp. 261-2 and 264-5) and this meeting was to be an annual event for the remainder of the century. Returning to great acclaim, Owen placed himself at the head of the Co-operative Movement. He refined his thinking and promoted his scheme for the re-organisation of society into a “Commonwealth of Co-operation”. He published the most substantial exposition of his thinking in 1842 with *The Book of the New Moral World*. Although this book constituted the first coherent and comprehensive exposition of Owen’s thinking, especially in relation to his wish to transform the nature of people by changing their environment, in reality it contains relatively little that was new in his thinking.

(ii) Owen’s Co-operative Vision: Transformation of Society and “Mutable Man”

Owen’s utopian vision was driven by his belief that an individual may be transformed by changing his or her environment. The practical problems confronting Owen at New Lanark were partly responsible for his life-time preoccupation with the ‘mutability of man’. Specifically, Owen experienced considerable labour force difficulties when he first took over New Lanark. He initially spent time and energy making technical upgrades in the mill, but found that the labour force was disposed to drink and ill-prepared to make a contribution to ensure that these innovations and expansions were a success. He therefore quickly sought to enhance the life of the workers in the belief that this would enhance economic outcomes for the business (Lambert 2011 p. 421).

Owen’s contention that an individual’s character was a product of his or her environment was also influenced by the intellectual discourse of his day, particularly the Enlightenment belief that all individuals were rational and of equal worth *by nature*, but had different character traits due to different circumstances, education and immediate environment. Thus, to change the character of an individual in this context entails allowing the individual’s basic nature to emerge rather than altering this nature itself. This belief was shared by Adam Smith and the polymath Jeremy Bentham—with the latter at one stage investing capital in New Lanark—but ultimately Owen rejected their faith in the extension of free markets as one of the means by which an individual’s nature could evolve. He contended that an individual’s natural

character would emerge only if the immediate environment of the prevailing industrial world itself changed. Although Owen was neither well educated nor well read, he derived this vision, in part, from the writings of Jean-Jacques Rousseau, Claude Adrien Helvetius, John Locke and John Bellers. The writings of the seventeenth-century socialist, John Bellers, were particularly influential in shaping Owen's concept of "Villages of Co-operation," which, as already mentioned, ultimately became his preferred instrument by which to re-organise society (Podmore 1905 p. 257 and p. 259, Lambert 2011, Saville 1972).

Owen's reflections on the competitive nature of the emerging factory system were equally important prompts for his belief in the 'mutability of man'. He believed that the capitalist system and the associated endorsement of a competitive scramble for profit, regardless of the human cost to the working classes, inhibited the capacity of working families to achieve happiness. They would respond in kind to this harsh environment, which encouraged vice, dishonesty and selfishness to the detriment of virtues such as mutual concern, honesty and healthy living (Bonner 1961, Pollard and Salt 1971). Owen believed that the immediate working environment was particularly important in moulding an individual's character because of the amount of time spent at work and the evils pervading there. New Lanark became a working experiment demonstrating the truth in his philosophy. He catered for the health, education and leisure needs of his workers and their families (Tawney 1964). Importantly, Owen was also able to demonstrate that the provision of reasonable wages, more humane conditions, better housing, shorter working hours and education did not detrimentally affect the return to investors. These investors were, in turn, required to accept a fixed return on their capital and to allow Owen to invest increasing sums toward amenity for his workers and their families (Bonner 1961, Cole, 1964, Tawney 1964).

Owen further contended that the lack of care taken in forming the character of children was one of the most evil abuses carried out in the name of capitalism. He believed that a "controlled environment was the formative influence on character", and that access to a practical education and leisure activities were central to changing a child's behaviour for the better (Butt 1971, Davidson 2010 p. 233, Herrera 2013 pp. 343-344). In 1816, Owen established the "Institute for the Formation of Character" at New Lanark to contribute to the formation of a suitably controlled environment. In this institution Owen established educational and leisure opportunities for the children of the community, including music and dance (Lambert 2011 p. 419). He considered these young children to be "compounds"—a

combination of bodily and mental propensities and faculties and, as such, ripe for modelling in ways of value to the community's future (Lambert 2011 pp. 421-422).

Owen particularly dwelt on the 'mutability of man' in *The Book of the New Moral World* (1970 [1842]). This tome is divided into three parts: (1) an explanation of human nature; (2) an explanation of the conditions necessary for happiness; and (3) the arrangements necessary to improve the social condition. Importantly, Owen (1970 [1842] p. 20) is once again strident in his view that the external environment can have positive or negative effects on people:

That...the constitution of every infant, except in case of organic disease, is capable of being formed into a very inferior, or a very superior being, according to the qualities of the external circumstances allowed to influence that constitution from birth.

He (1970 [1842] p. 23) considers that everyone is different and that:

[e]ach individual comes into existence within certain external circumstances, which act upon his peculiar original organisation, more especially during the early period of his life, and, by impressing their general character upon him, form his local and national character.

As a final point, it should be emphasised that the scriptures played no role in Owen's account of the transformation of an individual's character. Owen very publicly rejected Christianity in a period when religion was fundamental to society, and hence he needlessly alienated many influential adherents and would-be members (Podmore 1905). Butt (1971 p. 10) indicates that Owen was a deist rather than an atheist and that he was opposed to organised religion. His recognition of all people as "full human beings" who had the right to "full humanity" through social and education reform nonetheless developed out of a rejection of the "supernatural" (Herrera 2013 p. 343). In his later years, Owen became a spiritualist and Podmore (1905 p. 257) considers that this ensured his reputation was irrevocably damaged.

(iii) Authoritarianism, Paternalism or Democracy

Owen's planned transformation of society was to be undertaken in a paternalistic fashion that bordered on authoritarianism. Owen hailed from the generation of factory owners who came to maturity during the Napoleonic Wars and the economic dislocation that followed, and thereby placed great store in achieving economic security (Butt 1971 p. 10). Like many of his generation, he had a preference for controlled, economically focused action over the political advancement of the working classes. He did not, for example, have any confidence in

democratic institutions and was therefore wary of any call for franchise reform (Butt 1971 p. 12).

This lack of confidence in democracy was also partly driven by his own failure to persuade even an unreformed parliament about the wisdom of his proposals. For example, he was disappointed in 1815 when his lobbying failed to convince the legislature to adopt a factory reform act aimed at protecting workers and improving their lot. Further, his antipathy towards democracy was so unbending that it may have been more deeply seated than a mere preference for economic priorities over political advancement. Speaking on universal suffrage, Owen is quoted in Butt (1971 p. 12) as saying that if the labouring classes gained universal suffrage and the secret ballot at this time, it “would be probably the least efficient, most turbulent and worst public assembly that has yet ruled this country.” He did not possess the mental constitution that allowed him to yield decision making to others and he was “intellectually ill-equipped to compromise” (Butt 1971, Taylor 1995). This authoritarian streak led him to be more successful in his personal relationships than in his public activities (Butt 1971 p. 14). He impressed many as being sincere, but was unable to accept modest and slow change overseen by others. This authoritarian approach to co-operation contrasted markedly with the softer and more inclusive paternalistic approach adopted by the Christian socialist’s sixth form elite of the mid-nineteenth century (Gilchrist and Moore 2007), and was diametrically opposite to Mill’s liberal socialism.

Owen’s authoritarian streak manifested itself to his contemporaries most obviously when he sought to paint on a bigger canvas and use his New Lanark credentials to change the world. As the 1820’s progressed, Owen’s detractors became more vocal on both this issue and his unbending commitment to a single solution to the problems of the industrial age. For instance, in *The Fundamental Principles of New Lanark Exposed* (published in 1824), William McGavin (1773-1832) criticised Owen’s authoritarian nature and emphasised this by referring to Owen’s use of workers as machines or puppets (Lambert 2011 p. 427, Goodwin 2014). He stood accused of being a man of a single and unoriginal idea (Pollard and Salt 1971 p. viii) that looked suspect to many when presented in its extreme form; namely, that men’s characters are exclusively the products of their environment.

(iv) Structure of Owen's Co-operative Enterprise

Owen's 1817 report prescribed the settlement of paupers into communal "Villages of Co-operation" on the grounds that a communitarian system of organisation provides significant benefits to the working poor. These were intended to be producer co-operatives. He made this particularly clear in his 1842 tract, which was partly designed to correct misconceptions in the broader community about his proposed communal co-operatives. He was careful, for example, to confirm that he sought to create a society in which all would benefit but, was not interested in people achieving equality with each other (p. vii). He also did not attack religion *per se*, but, rather, contended that the current religious, moral, political and commercial arrangements were all based on an error "respecting the nature of man" (p. xxi) and, so, the establishment of a New Moral World would create happiness as a "necessary consequence", just as the maintenance of the current system "must produce misery" (pp. vii – ix).

Owen's precise prescription required the establishment of Villages of Co-operation consisting of around 1,200 people who would live in a communal building placed on 1,000 to 1,500 acres of land. The building would house all and include communal kitchens and mess halls, but private apartments for families. Children would be communally raised from the age of three, but parents would have access to them. The work of the Village would be predominantly agricultural, but manufacturing would also take place. It was proposed that these villages be established incrementally until they were eventually established across the entire world (Podmore 1905, Cole 1964, Owen 1970 [1842], Pollard and Salt 1971, Saville 1972, Claeys 1987, Lambert 2011).

The nature of Owen's producer co-operatives did not entail a rejection of the capital and new technology accumulated under the system of competitive capitalism. The capital would, however, always be used to meet the needs of the people rather than capital owners. Owen was antipathetic toward capitalism because he believed human happiness was not achievable via a system that shaped individuals to become excessively competitive, dishonest and deceptive, and which induced employers to abuse their responsibility to workers by using the false proposition that such abuse was required in order for adequate profit to be returned to the providers of capital. He was not antipathetic toward industrialisation and the Industrial Revolution, since he saw these developments as a source of change (Pollard and Salt 1971 p. x, Butt 1971 p. 14). He did, however, believe that the new economic conditions required a new approach to the organisation of society (Herrera 2013 p. 346); namely, co-operation. He

certainly did not wish to return to some sort of mythical bucolic agrarian communitarianism of the past.

(v) Concluding Comments

Owen (1970 [1842] p. xviii) was careful to deny that his prescriptions were visionary. He nonetheless alienated many potential followers with his apparent bent towards internationalism, his diatribes against “slavish producers” and other “wasteful consumers and destroyers” of wealth (1970 [1842] p. xxiv), and his enmity toward organised religion. Owen’s reputation, however, grew after he died. Indeed, Taylor (1995 p. 91) contends that Owen became a “sacred totem” due to his longevity and his long devotion to progressive causes, while historians, as a rule, recognise him as the founder of co-operation (see Podmore 1905 p. 258, Butt 1971 p. 9, and Taylor 1995). Owen’s place in the history of co-operation was also romanticized by later co-operators who sought to use his popular image to legitimise their ideas and objectives.

IV. John Malcolm Forbes Ludlow (1821-1911) and Christian Socialism

(i) A Brief Sketch of Ludlow as a Co-operative Promoter

Christian socialists promoted co-operation as a means to achieve their millennial goal of reforming the lot of “man” and raising him or her to a higher plane of existence. Since the founding of Christian socialism in 1848 through to modern times, the title has been appropriated by a number of movements. Some of these later movements were merely extensions of the original sect and others quite different. My concern here is with the original Christian socialists, active from 1848 until 1854, since the continuation of the movement in its pure and original form became impossible after the latter date due to disputes within the core group of promoters, the difficulty of recruiting new members, and the gradual petering out of the mid-century political and economic emergencies. John Ludlow is singled out as a representative of the Christian socialists as he was a key founding member of this movement and remained active in the co-operative scene until his death in 1911.

Ludlow was born in 1821 and educated in France in the 1830s following the death of his father. He there absorbed French philosophical and sociological thinking and, like J. S. Mill, was particularly influenced by the utopian socialist writings of Charles Fourier. Ludlow moved to London in 1843 to study at the Inns of Court, where he met Tom Hughes, Charles

Kingsley, Fredrick Denison Maurice, Edward Vansittart Neale and Frederick James Furnivall. Maurice was the chaplain of Lincoln's Inn, while Hughes and Furnivall were practising as lawyers in this precinct. This group initially used the Inns of Court as a base from which to promote what soon became known as Christian socialism.¹⁴

These individuals were pre-occupied with the spiritual and material poverty amongst the working classes that became apparent in the "Hungry Forties". Economic events occurring in this period included the economic dislocation following the collapse of Railway Mania in 1844-6; the Great Irish Famine of 1845-8; the "monster" Chartist petitions and marches for franchise reform over the years 1846-8; the Continental revolutions of 1848 and, finally, the arrival of cholera in London in 1849, at the very time when the threat of insurrection seemed to recede (James 1997). This environment created a sense of foreboding amongst the members of the professional classes about future class relations and forced some to doubt the wisdom of industrialisation within a *laissez faire* environment. It was an era that the French intellectuals of the day, whose publications Ludlow had read, called a critical rather than an organic period in history. This is an historical era in which conventions and institutions were called into question and change seemed imminent.¹⁵

The 1848 revolutions on the Continent were particularly important for the development of Christian socialism, since the numerous Parisian co-operative organisations that had sprung up in the revolutionary chaos provided Ludlow and his colleagues with an organisational template to implement change. Ludlow returned to Paris in 1848 and 1849 to undertake a first-hand inspection of these co-operatives, which he interpreted from the perspective of Fourier (Ludlow 1981 p. 153). He recognised that the French co-operative vision could provide the economic backbone both for Maurice's fuzzy preaching about the need to engineer a Christian rebirth amongst the poor through political action—which was first articulated a decade before with the publication of Maurice's *The Kingdom of Christ* (1838)—and for Ludlow's own deeply held conviction that it was his Christian duty to raise

¹⁴ For the formation and central tenets of Victorian Christian socialism, see Hughes (1876), Seligman (1886), Dorfman (1941), Lewis (1951), Ludlow (1981) and Masterman (1963, 1984). For Ludlow, see Ludlow (1981), Masterman (1963, 1984) and Gilchrist and Moore (2007). For Fourier, see Manuel (1971), Beecher and Bienvenu (1971), Johnson (1974), Beecher (1986), Blaug (1992), Cunliffe and Errevgers (2001) and Beecher (2006).

¹⁵ The way in which these events influenced the Christian socialists is reflected in the later accounts prepared by the participants themselves, such as in Hughes' (1876) memoir of Charles Kingsley and Maurice's own memoirs (1884).

the poor to a higher level of spiritual wellbeing. He believed that once workers were *both* bound together by brotherly love within co-operatives *and* driven by Christian ideals, class conflict would be resolved and the working classes would be raised to a more dignified and spiritually satisfying life.

The political machinery required to implement this vision had already been partly put in place by the Inns of Court men. Ludlow solicited Maurice to “aid in a scheme for bringing the leisure and good feeling of the Inns of Court to bear upon the misery of the neighbourhood”, and Kingsley, Hughes and others were recruited to this cause soon after (Seligman 1886 p. 219). They soon set about spreading their word through various written works. Christian socialist publications of this time included *Politics for the People* (1848 to 1849), edited by Ludlow and Maurice, the *Christian Socialist* (1850 to 1851), edited by Ludlow, and the *Journal of Association* (established in January 1852), edited by Hughes. A series of pamphlets was also published under the title of *Tracts on Christian Socialism* (under Maurice’s supervision) and novels were written to promote the cause, the most famous being Kingsley’s *Alton Locke* (1850).

A Council of Promoters consisting of the Christian socialists was established to provide the funds for these co-operatives, though E. V. Neale, a wealthy capitalist, provided (and eventually lost) most of the capital (Masterman 1984). Ludlow then set about providing the legal recognition for the co-operative enterprises, and, as discussed in more detail below, this is perhaps the major practical contribution made by these co-operative promoters. Ultimately they failed to gain traction, especially against consumer and commercial co-operatives. Ludlow eventually focused more of his energies on supporting Friendly Societies, becoming that movement’s long serving registrar and promoter (Gilchrist and Moore 2007). The nature of the co-operative championed by the Christian socialists is now considered via the three main debates.

(ii) Ludlow’s Co-operative Vision: Transformation of Society and “Mutable Man”

The driving principle underlying Victorian Christian socialism is the concept of the Christian co-operative, and how an individual would change once embedded in such an environment. Ludlow and his colleagues wished to Christianise socialism and socialise capitalism by promoting worker co-operatives that would be guided by Victorian Anglican Christian principles. Each individual would voluntarily provide Christian service to his fellow “men”

within co-operatives that were styled as Christian brotherhoods. The traditional Christian predilection for self-sacrifice would be reinforced by the notion of “manly” self-reliance that was central to the rising idea of muscular Christianity then being promoted by Kingsley and Hughes. The temperament of a Christian of this hue would thereby prevent the adverse selection and moral hazard problems that typically plague the co-operative mode of production and distribution.

This focus on spiritual rebirth also set Christian socialism apart from the existing secular, if not anti-religious, co-operatives that had earlier been inspired by Owen. This is because the re-birth of “man” that is required for successful co-operation would come about not just via a change in environment, but also as a result of a spiritual change brought on by working within a Christian brotherhood. The soul of “socialist man” would, in short, be engineered within the Kingdom of Christ on earth. As Kingsley put it, the equality of communism was “carnal” and without “brotherhood”, whereas the Christian socialist insisted that every “man” “be given an equal chance of developing and using God’s gifts” (quoted in Hughes 1876).

Not all of the Christian sects were acceptable credos, though. The Christian socialists opposed, for example, Calvinism and all other religions in which individuals subscribed to resignation in the face of prevailing conditions. Oriental fatalism and any secular philosophy that implied that individuals were unable to prevent the un-Christian wickedness which daily paraded before them were unacceptable philosophies. A. P. Stanley’s *Life of Dr. Arnold* (1844) was particularly influential in shaping these beliefs (see Mack and Armytage 1952, Masterman 1984), and, in many ways, the influence of Stanley’s interpretation of Arnold’s teachings is best reflected in Hughes’ *Tom Brown’s Schooldays* (published in 1857).

(iii) Authoritarianism, Paternalism or Democracy

This Christian-induced fraternal co-operation and self-sacrifice would become the controlling motive of human existence through the leadership provided by an educated and muscular elite—namely, Ludlow and his colleagues. Specifically, the Christian socialists believed that society could be regenerated and transformed into the Kingdom of Christ through the actions of a sixth form elite that would use religion as an active, ethical force. In addition to sponsoring and overseeing co-operatives, the Christian socialists’ main leadership role was to draw upon their legal skills and their contacts within the ruling elite to lobby for legislation that would provide legal protection for bodies with a co-operative element. The priority given

to this strategy is not surprising given the legal background of many of these Inns-of-Court socialists. Ludlow, in particular, not only lobbied for, but also drafted many of the legislative acts. He had trained under Charles Henry Bellenden Kerr, who had gained fame for promoting the limited liability joint-stock legislation, and he harnessed Kerr's ideas relating to corporations to protect co-operatives (Masterman 1963, Ludlow 1981).

One immediate, and indeed perhaps the most important, success of Christian socialism was the *Industrial and Providential Act* of 1852, which provided legal recognition for industrial and providential societies. This Act was the key outcome of Robert A. Slaney's 1850 *Committee on the Savings of the Middle and Working Classes*, but it was actually drawn up by Ludlow, Neale and Hughes with the aid of the Select Committee of the House of Commons. Seligman has called this 1852 Act the *Magna Carta* of the co-operative trade, since it was "the first law in the civilized world that recognized and protected the co-operative societies as separate entities" (Seligman 1886 p. 238, Holyoake 1908, Dorfman 1941 p. 572, Mack and Armytage 1952 p. 67, Halevy 1961). Specifically, it gave co-operative societies legal status, allowed them to buy and sell, and protected them from dishonest trustees. Previously, if a co-operative numbered more than 25, it had to take advantage of the limited liability joint-stock legislation of 1844 to expensively incorporate as a public company.

This use of the law relating to Friendly Societies to promote the Christian co-operatives not only reflects the close alignment between the two movements, but also may be interpreted as Ludlow's first step toward his later realisation that the Friendly Societies were perhaps the means by which to achieve the Christian co-operatives. Friendly Societies became increasingly popular amongst the leading classes as the nineteenth century progressed because they constituted a form of economic organisation that allowed workers to help themselves, encouraged thrift and, apart from enabling legislation and a regulatory regime, did not require the state to maintain and care for the sick and destitute.¹⁶

It is also important to emphasise at this point that the state's role was restricted to the provision of legal protection, and that the sixth form elite would not dictate terms to the co-operators via the state apparatus. The Christian socialists rejected state socialism as a solution

¹⁶ For friendly societies, see Brabook (1875), Wilkinson (1891), Gosden (1961), Cordery (1995) and Gilchrist and Moore (2007).

to society's ills on the grounds that such an arrangement would induce moral hazard problems and, worse, intrude upon civil liberties. Maurice (1884 v.2 p. 8) stated it bluntly: "The State cannot be communist, never will be, never ought to be." Instead, as mentioned earlier in this section, they believed that socialism would spontaneously emerge when, in the shadow of the church and through the spiritual guidance offered by the sixth form elite, workers voluntarily chose to share their produce within co-operatives.

Joseph Schumpeter (1954 p. 454) has labelled this non-Marxist, anti-state form of socialism (of which Christian socialism was just one strand) "associationist socialism". In the case of the Christian socialist version of associationism, the small savings mustered by the workers would be subsidised by both wealthy philanthropists and existing co-operatives, but not by the state, and the sums so raised would eventually be sufficient to command the entire country's capital. The economy would thereby be transformed into a string of co-operatives, perhaps with a central board to arbitrate between members, and *laissez faire* capitalism displaced in a peaceful manner. This idea of self-help and mutual concern without state socialism was reinforced when the Christian socialists noted that, in the French experiments with co-operation in the 1840s, the national workshops failed while a number of private associations succeeded (Hughes 1873 p. 110).

(iv) Structure of Ludlow's Co-operative Enterprises

Ludlow and the Christian socialists believed that the formation of producer associations would succeed once the workers had experienced the Christian brotherhood of the new co-operative environment. They denounced unlimited competition and contested the political economists' claim that there were insurmountable natural laws that governed the actions of self-interested "economic men" operating within a competitive environment. They saw political economy of this type as just another form of fatalism. They believed that the play of Christian ethics and brotherly association within co-operatives—which was the best and only ethical means by which to conduct industry—would tame "economic man's" selfish predispositions and override the natural laws of political economy.

Kingsley, for example, happily accepted the so-called natural laws of political economy, but believed one need not submit to them, since it was within an individual's power to rise above them by accentuating one aspect of his or her character rather than another. Specifically, Kingsley (1894 v.2 pp. 65-7) stated: "The being who merely obeys the laws of nature is *ipso*

facto a brute beast. The privilege of man is to counteract (not break) one law of nature by another.” Ludlow similarly believed that individuals could rise above their current nature and thereby actively alter the laws of political economy. Ludlow was, in fact, better read in political economy than most of the Christian socialists and was probably the only one of his group able to meet political economists on their own ground. Indeed, he even had the temerity to remodel this discipline along his own lines. Specifically, in a fashion later adopted by John Ruskin, he argued that the true end of the science of political economy was “the production of man”, not the “production of wealth”, and, further, that the political economists of his time made a “monstrous” error by arguing either that an economy progressed if material wealth grew while man’s spiritual nature declined, or, alternatively, that an economy was in a malaise if material wealth was stationary while man’s spiritual nature grew (Seligman 1886, Dorfman 1941).

Unfortunately, the co-operative workshops envisioned and funded by Ludlow and his fellow Christian socialists failed to prosper. Indeed, Christian socialism as an organised political movement, as opposed to an ideological movement, began to lose steam in the early 1850s and effectively ended by 1854/5. The primary reason for the falling away of the Christian socialist movement was the sudden realisation on the part of its key members that a co-operative paradise would not instantaneously appear. Initially, they were carried forth by their innocent enthusiasm and belief in swift, if not immediate, success. Hughes (1873 p. 111) later marvelled at their naïve innocence, recalling that, at the time, they believed that what was needed was simply to announce the plan to “usher in the millennium at once”. The loss of confidence following the checks and rebuffs, which were many and varied, was palpable.

(v) Concluding Comments

The innocent way in which the Christian socialists established and ran their co-operative workshops was partly to blame for their lack of success. The inherent problems of adverse selection and moral hazard that characterise the co-operative form of production and distribution quickly began to manifest themselves. Adverse selection problems immediately arose when the Christian socialists advertised that they would provide working capital to parties willing to participate in co-operatives, but then did not adequately vet applicants (Ludlow 1981 p. 207). Moral hazard problems manifested themselves in several forms. For instance, managers and workers acted incompetently, often drank too much on the job, purloined funds and refused to distribute funds equally (Ludlow 1981 p. 208).

Those co-operatives that did not either immediately fail or languish transformed themselves into joint-stock companies so as to distribute the profits to their members via dividends. The associated quarrels over strategies led to schisms, with some Christian socialists wishing to take more radical actions while others, particularly Kingsley, took a conservative turn. Many of the dominant figures became preoccupied, in particular, with achieving their ends via education rather than through experimental co-operatives. Maurice's involvement in the Working Men's College, which was founded in 1854, was the prime illustration of this turn of events.

Finally, the Christian socialists simply failed to recruit sufficient numbers to their flag. There was an occasional valuable addition to their number, such as when the publisher Alexander Macmillan joined their brotherhood in the early 1850s, but good recruits with leadership qualities were rare. Hughes ascribed this falling off in recruitment to the low esteem with which socialism was then held, no doubt due to the more outlandish proposals associated with the aforementioned French socialists, but also, according to Hughes himself (1873 pp. 114-115), because of the fanaticism, earnestness and eccentricities of the Christian socialists:

In a generation when beards and wide-awakes were looked upon as insults to decent society, some of us wore both, with a most heroic indifference to public opinion. In the same way, there was often a trenchant, and almost truculent, tone about us, which was well calculated to keep men of my brother's temperament at a distance.

At the end of the day many, such as Hughes' brother (1873 p. 116), accepted that the present capitalist system was somehow un-Christian, but worked on some level, was the best that could be done in an unjust world, and that the co-operatives had yet to prove themselves.

V. J. S. Mill (1806-73) and Liberal Socialism

(i) A Brief Sketch of Mill as a Co-operative Promoter

John Stuart Mill's interest in socialism and co-operative organisation is well documented in the secondary literature, not least because it carries an element of controversy amongst historians of economic, political and philosophical thought. This controversy arises, in part, due to the historian's wish to neatly categorise Mill's singular position by reference to one of the many competing broader conceptual frameworks of the period, such as either liberalism or socialism, and, in part, because his ideas pertaining to socialism evolved over his

lifetime.¹⁷ The extensive secondary literature related to Mill's thinking on socialism is also probably a simple product of the importance of Mill in shaping the intellectual frameworks of the Victorian and post-Victorian worlds. Whatever the precise reasons, the well-known narrative of both Mill's life and drift towards liberal socialism dictates that, compared to the other case studies in this narrative, only a brief sketch of his life trajectory needs to be presented here.

Mill, who was born in 1806 and died in 1873, became keenly interested in co-operatives in the 1840s and 1850s. Numerous events could be identified as being critical in the evolution of Mill's mature thinking on socialism. These include the death of his father, James Mill, in 1836 and the associated break with the rigid version of the philosophical radicalism that defined his youth; the influence of the conservative sages of the day, particularly Coleridge and Carlyle; his wish to mitigate the suffering during the 1845/48 famine and the wider economic dislocation of his time; his reading of French socialist texts, such as Saint Simon, August Comte and Fourier; the impact of the 1848 Revolution on the Continent and the Chartist Movement at home; and the (contested) influence of his wife, Harriot Taylor, with whom he had a platonic premarital relationship in the 1830s and 1840s, and who had sympathies with the co-operative socialist movement. The importance of such events may be debated, but what is less disputable is that Mill shifted his position from being mildly critical of socialism in his early years (Sarvasy 1984), to being a careful agnostic who was willing to experiment with co-operative socialism in his middle years (Stafford 1998), to becoming a supporter of a range of experimental socialist measures in his later years (Sarvasy 1985). Mill, who describes this process in his *Autobiography* (Mill 1873 p. 198), effectively began his career as a philosophical radical and ended it as what would now be called a new liberal.

Rather than entering these debates, my goal here is to examine Mill's thinking in relation to co-operative socialism. I have done this by examining his views on co-operatives in a range of works, but particularly his 1851 *Westminster Review* article reviewing Francis Newman's attack on socialism, the relevant sections of his *Principles of Political Economy* (especially the celebrated "Probable Futurity of the Working Classes" from the 1852 edition in book iv, chapter 7) (1991 [1852] a and b), his 1873 *Autobiography*, and his posthumously published

¹⁷ For discussions relating to the category most appropriate for describing Mill's thinking in this area, see Friedman (1966), Berlin (1969), Sarvasy (1984, 1985), Hollander (1985), Claeys (1987), Ashcraft (1998), Stafford (1998), Miller (2003), Medearis (2005), Baum (2007) and Abbey and Spinner-Halev (2013).

On Socialism (written in 1869). I present him as a *liberal* socialist who supported co-operative socialism not as an end in itself, but as an instrument by which to raise individuals to a higher plane of existence so that they could voluntarily choose a more civilized and “effective” free society.

(ii) Mill’s Co-operative Vision: Transformation of Society and “Mutable Man”

The central principle underpinning Mill’s position on co-operatives is the “mutability of man”. Unlike the Christian socialists who believed individuals could change in such a way as to imitate Christ once they are placed in a suitable environment, Mill believed that men and women could evolve to achieve a greater degree of “true” freedom in a society of greater diversity and liberty—including religious diversity. Specifically, Mill’s enduring objective was to see the extension of personal freedom as far as possible within a framework that, essentially, meant that the only limiting factor was the extent to which an individual’s free actions in the pursuit of his or her welfare affected another individual’s welfare (Miller 2003, Baum 2007).

Mill, however, saw a difference between what Isaiah Berlin (1969) later popularised as “negative freedom” and “positive freedom”. Negative freedom entails withdrawing the constraints or impediments that prevent an individual from pursuing ends within a given choice set. Positive freedom entails providing certain enabling conditions, such as education and a minimum of material endowments, to allow an individual to become aware of the choice set that is available and to choose the ends within this set in an effective manner. Following the break with the rigid philosophical radicalism of his youth, Mill increasingly believed that simply removing impediments to freedom was not always favourable to achieving freedom for most people, since they were bereft of the elements of positive freedom (Baum 2007 p. 5). Specifically, he believed that social arrangements should be changed in such a way as to increase equality of opportunity and to break servile relationships that prevented the growth of an individual’s independence, since it is only through opportunity and independence that an individual’s character could flourish to the point where he or she made decisions in a rational and effective manner.

Mill did not believe that the landed estates and industrial mills of Victorian Britain provided the opportunities and independence that would enable an individual to make rational choices even if he or she was in the material position to make them. The rights, resources and

opportunities available to the estate and industrial workers, and their lack of independence, combined to stunt their growth as human beings. These so called free men and women were little better than in a state of slavery as they had to accept the rules, prescriptions and arrangements set by another—usually the employer (Medearis 2005 p. 140). Their inability, or even refusal, to decide upon goals and objectives in a rational way meant that they made decisions that were not always in their long-term interests or the interests of the wider community. Once, however, the enabling conditions of opportunity and independence were put in place, Mill believed that individuals would be more likely to make decisions that took into account the welfare of others and which were guided by distinctions between the higher and lower pleasures.

Mill was, for all this, mindful of the need to achieve both the sometimes contradictory objectives of negative freedom and positive freedom, and he therefore sought to expand the choices available to individuals without imposing either the tyranny of the state or of the collective. He prioritised non-coercive ways of effecting the required changes, such as expanding education opportunities, supporting the enfranchisement of workers and, importantly here, the promotion of worker co-operatives. Associations of workers in co-operatives would liberate workers from material constraints by providing an opportunity for them to own land and capital. Such associations would also induce workers to produce more goods, since it would now be in their interests to work and pursue efficiencies. More importantly, these associations would allow the workers to participate in the production process and thereby build independence and character. This, in turn, would allow them to choose more wisely and consider the community's needs by moderating, if not rejecting wholesale, their self-regard. It allowed mutable individuals to voluntarily change their environment, and thereby their natures, without the need for intrusive state intervention.

(iii) Authoritarianism, Paternalism or Democracy

Mill was adamant that any co-operative effort should be democratic and participatory. This was, he believed, one of the chief means by which character would be built and, further, the means by which the mutable individual would realise that his or her preferences and the needs of the community need not diverge. He therefore objected to the authoritarian approach (as seen in the co-operative exercises undertaken by Owen and the French socialists) and was wary of the paternalistic approach (as sometimes hinted at in some of the sixth form elite mentality of the Christian socialists) to labour associations. He particularly rejected Tory

paternalism, since the landed class supporting these views had failed to evolve sufficiently to warrant such a leadership responsibility and especially since its members wished to maintain the servile relationships that prevented character formation (Hollander 1985 pp. 773-7).

The active participation of the labouring class in the co-operative exercise, as equals, would contribute to character formation to such an extent that governance of the co-operative would not be problematic. Specifically, once free of the master-servant relationship and once active in the quest to achieve a common end, the workers would be sensible enough to choose those individuals who had a natural talent to act as leaders within the co-operatives. Mill, furthermore, foresaw that the character formation undertaken within the co-operatives would increase the worker's capacity to make wise decisions within an extended franchise. Indeed, as a life-long democrat, he supported the franchise extensions of 1832 and 1867 independently of his promotion of the co-operative movement, partly because the very act of participating in the democratic process would also be character building. Mill, in short, supported any institutional change that broke the subservient relationship between the labourers and their so-called masters and betters.

(iv) Structure of Mill's Co-operative Enterprises

Mill's quest to achieve his idealistic end was always balanced by his practical disposition. He therefore sought to achieve the transformation of the individual via changes to Victorian society that were experimental, incremental and non-coercive rather than radical, wholesale and coercive. Mill settled on experimentation rather than radical change partly because he saw socialism as only one of the many instruments available to achieve the reform of the injustices of industrial capitalism (Miller 2003 p. 218). Socialism is therefore proposed as an order of society that may be chosen at some future time, but only once a working model had been identified through a process of experimentation (Stafford 1998 p. 326). Additionally, the experiment should not be decided by comparing ideal socialism with current capitalism but, rather, ideal socialism with the best that capitalism could be (Miller 2003 p. 222). The voluntary establishment of socialist co-operatives was particularly attractive in this context because they constituted experiments in a larger incremental reform movement of trial and error (Sarvasy 1985).

Mill's fear of the tyranny of the state and of the collective majority over the individual also made him alive to the possibility that revolutionary change may unintentionally erode liberty

and diversity (Miller 2003 p. 222, Baum 2007 p. 4). He believed in particular that the radical displacement of capitalism by communism would reduce opportunities for innovation and actually reduce the labourer's welfare rather than enhance it. Mill nonetheless famously preserved a limited role for the state in this incremental reform process, especially later in life, when he supported state provided education, the taxing of the unearned increment in rents on land and the purchase of land for peasant proprietorships. He always maintained, however, that co-operation should be voluntary in nature, so the government could not be used to compel the creation of co-operative efforts (Sarvasy 1985 p. 323 and p. 325).

These voluntary co-operatives were also presented as being compatible with the laws of political economy that Mill himself had championed both before and after *Principles of Political Economy* (1991 [1852] a and b). His intervention on this score and at this point was particularly important, as the Owenite and Christian socialist movements were being increasingly dismissed as proposing economic arrangements that ran counter to what was possible given the laws of political economy. Specifically, Mill believed that although the laws of political economy relating to production were fixed, the social arrangements of the factors of production that yielded the distribution of the productive effort were determined by convention and subject to change. Thus, decisions about the arrangements of the means of production, such as the introduction of co-operatives, may be collectively taken *in an experimental fashion*. He further argued that there was no inalienable right to private property, even though it was usually counter-productive if private property was reallocated without compensation, since agents need security to embark on industrial enterprises. Thus, he believed that the rights to the means of production may be re-arranged via democratic consensus (and invariably after compensation), while consumption must be undertaken privately, and individually, without recourse to any democratic or other processes (Sarvasy 1985 p. 326).

Mill also believed that the continued existence of economic competition was essential to this metamorphosis of society. This meant that he did not disapprove of competition between the co-operative enterprises that he hoped would emerge to sit alongside the capitalist firms. More specifically, Mill dichotomised competition into unhealthy and healthy forms. The former mostly entailed competition between individuals—notably between workers—while the latter entailed competition between enterprises. Competition between co-operatives and capitalists was also healthy since it ensured that managers of co-operatives made effective

decisions and that workers remained efficient. Mill saw the co-operative corporation as an institution that could be interposed experimentally between the co-operating workers and the competitive market (Baum 2007 pp. 12-13 and 20). The “fruits of labour” would be enjoyed by those creating them and, therefore, workers had increased incentives to work hard and efficiently (Sarvasy 1985 p. 323, Miller 2003 pp. 223-224, Baum 2007 p. 13 and p. 17).

(v) Concluding Comments

Mill’s support for co-operatives was, in short, driven by his belief that individuals could improve over time and he was sympathetic to many of the co-operative or associational socialists because they shared this desire. Mill saw great potential in the Fourierist communal organisations called phalansteries (Baum 2007 p. 12), since the distribution of the rewards of labour was undertaken according to the effort and type of work completed (Beecher 1986). He was, however, attracted to many forms of co-operation on the basis that experiments could be conducted to identify the most appropriate form of associationism with minimal impact on those outside of the experiments (Sarvasy 1995, Miller 2003, Baum 2007). Mill seemed to assume that, upon the successful demonstration of a co-operative model, labour would adopt it if it presented a better option than the *status quo*. These views were partly in alignment with those espoused by the pragmatic and commercial co-operators and partly in alignment with those of the ideologists. It is to the conflict between these two groups that I now turn.

VI. J. T. W. Mitchell (1828-1895) and the Ascendancy of Consumer Co-operation

(i) A Brief Sketch of Mitchell as a Co-operative Promoter

As mentioned in the opening sections of this chapter, during the second half of the nineteenth century, the debate between pragmatic and idealist co-operation increasingly manifested itself as a contest between consumer and producer co-operation, with the idealists seeking to prioritise producer co-operation and the pragmatists pursuing consumer co-operation. The nature of consumer co-operation was successfully demonstrated by the Rochdale Society of Equitable Pioneers in the 1840s and by the Co-operative Wholesale Society (CWS) in the 1860s and onwards. The consumer co-operatives from the 1860s onwards slowly began to resemble modern day public companies far more than the idealistic agents of change that the co-operatives were originally conceived to be. They were increasingly driven by capitalist

management arrangements, utilised controlled and disciplined labour, and maintained a strong focus on profitability and returns to members. It seems that the fruits of the capitalist system became too attractive once those bent on replacing it had a taste of what their economic superiors enjoyed. The idealists found themselves fighting an extended rear-guard action in order to retain the social improvement objectives of the original co-operators like Owen and Ludlow.

The pragmatic view of co-operation is best demonstrated in the work of John Thomas Whitehead Mitchell, the long-time leader and builder of the CWS who believed that profit oriented consumer co-operatives provided an opportunity for co-operators to become capitalists. I have chosen Mitchell as a case study of a pragmatic co-operator partly because his position and rhetoric is virtually the antithesis of that of Owen, the arch-idealist, partly because his co-operative life was defined by a clash with Edward Vansittart Neale, the eminent Christian socialist and utopian co-operator, and partly because he headed the most successful of the commercial consumer co-operatives, the CWS. Indeed, Mitchell's form of pragmatic co-operation and his deployment of rhetoric to combine commercial and social advancement goals is best described by analysing it in the context of his clash with Neale.

The antagonism between Mitchell and Neale was almost destined by fate. One was a pauper and born into the lowest classes while the other inherited vast wealth and enjoyed the benefits of the patrician class. Mitchell (1828–1895), was born in Rochdale and was not of the elite classes. Raised a bastard child in a very poor neighbourhood, he was a “child of the slums and mud” (Redfern 1923 p. 24) and developed a pragmatic and commercial frame of mind early in life. He was an earnest Christian and taught Sunday School within the Congregationalist community, but he compartmentalised his life such that his co-operative efforts were in no way guided by Christian socialist sentiment (Gurney 1996 p. 37, Laidlaw 2005). Neale (1810-1892), by contrast, was born in Bath to a very wealthy family, and dissipated his inherited fortune by funding Christian socialist and other co-operative ventures. He was eventually acknowledged as a leading Christian socialist primarily, as Ludlow saw it, because he had the financial capacity to bankroll much of that organisation's activities (Gilchrist and Moore 2007). For almost his entire adult life, Neale sought to defend the socialist ideal within co-operative activity. He did not separate his millennial aspirations from his co-operative responsibilities. Indeed, he saw co-operation as the vehicle for achieving a better world order.

Mitchell became a member of the Rochdale Society of Equitable Pioneers very early on in life and was made secretary of this organisation in 1857, while still in his twenties. He then became a figure of prominence in the CWS, which had been established in 1863, and was its chairman from 1874 until his death in 1895. It was through the CWS that Mitchell promoted consumer co-operation and it was in this role that he ultimately clashed with Neale, who, following the rather poor Christian socialist attempts to establish producer co-operatives in the early 1850s, had sought to establish a federated system of both consumer and producer co-operatives, but with an emphasis on producer co-operatives. Neale remained committed to producer co-operation as an important aspect of community-building and feared that consumer co-operation would lead to the demise of utopian co-operation in favour of immediate, commercial returns with limited spiritual or community-building value.

(ii) Mitchell's Co-operative Vision: Transformation of Society and "Mutable Man"

Mitchell was less interested in changing an individual's character and more interested in improving an individual's material lot by drawing upon his or her current predispositions. Indeed, and perhaps paradoxically, he saw self-regard as central to the success of co-operation, since self-interest induced people to take up membership and to become loyal to the co-operative (Masterman 1984). Mitchell certainly did not seek to pursue religious ideals within the co-operative sphere as a means by which to create a Christian brotherhood. He did not believe that religion was relevant to the practicalities of running a business and his religion and his co-operative responsibilities did not mix save at a superficial level. This position contrasted dramatically with the position taken by Neale, Ludlow and the other Christian socialists, who, as already mentioned, believed that the co-operative movement should be centrally managed by an educated, Christian elite and who saw Christianity as the chief bulwark against the moral hazards that would tempt workers who were trying to manage their own organisations (Gurney 1996).¹⁸

Mitchell did, however, agree with Neale and the Christian socialists that education was important and should be provided by co-operatives for their members. But unlike the Christian socialist goal of community and character building, Mitchell believed that the education so provided should be of a practical nature, since ideas were of little use if they

¹⁸ Thomas Hughes also clashed with Mitchell as a result of the latter's views regarding vertical integration and, more generally, with respect to Mitchell's views on co-operation (Masterman 1984).

were not grounded in practice (Gurney 1996 p. 4 and p. 37). He also viewed the provision of education as a means by which to recruit members rather than to change their character. To this end, the commercial co-operatives had their own reading rooms that provided, amongst other things, literature on the co-operative movement itself. This predilection for the practical seemed to meet with the approval of the members when the attendance at co-operative education courses is considered. About two thirds of participants attended practical courses on topics such as bookkeeping and legal studies, while the remaining third attended classes on subjects such as economics and history (Gurney 1996 p. 43).

(iii) Authoritarianism, Paternalism or Democracy

The goals of both Mitchell and Neale were to impose managerial leadership and command and control structures on to the expanding co-operative ventures. Neale's vision was driven by the sixth form elite mentality that defined the Christian socialist approach and entailed integrating both consumer and producer co-operatives within a federated structure. Specifically, the Christian socialists had launched 12 co-operative workshops in London (Masterman 1963 p. 95) during their short period of existence. At this time, Ludlow had warned the Christian socialists that the consumer stores would become dangerous if they were allowed to challenge the primacy of the producer co-operative, which is ultimately what they did (Backstrom 1974 p. 34). Neale, by contrast, compared the strong growth of the consumer co-operative stores in the North with the poor record of producer co-operation in the London area. He believed that the two types of co-operation could co-exist—and his ideological objectives could be achieved—if some sort of central control and a uniform application of constitutions could be imposed. He therefore proposed unification under a national board that would allow consumer and producer co-operators to work together to develop capital and realise the fundamental change sought in terms of his community-building objectives (Backstrom 1974 p. 3).

Mitchell, by contrast, was more practically minded and saw the CWS as the central organising entity of the future. His strategy was notionally to subscribe to Neale's vision of a federated body of co-operatives with idealistic objectives, but then to place all of his energy into pursuing his own pragmatic and commercial agenda. This strategy ultimately worked in his favour. Neale and his idealist colleagues burnt up their energy running national "industry bodies," while Mitchell got on with building the pragmatic-oriented CWS as an independent and successful entity. The annual conferences, industry meetings and the national institutions

that were promoted by Neale were never able to influence the direction of the co-operative movement in the way that the CWS and Mitchell ultimately did (Backstrom 1974, Gurney 1996).

Mitchell and his colleagues were also prepared to use the rhetoric of idealistic co-operation, particularly the concept of self-help, to maintain the unity of their membership and the support of the elite British classes (Roberts 1979). But they were always grounded in their expectations of what idealistic appeals to the worker would yield. This contrasted with the unrealistic expectations of Neale, who did not appreciate the fundamental gulf between the goals of co-operative leadership and the preferences of the working class membership. These members did not always fully subscribe to the goals of co-operative idealism and did not always care to participate in the management of their organisations, even when they had the right to do so.

(iv) Structure of Mitchell's Co-operative Enterprises

Mitchell promoted consumer rather than producer co-operatives that had pragmatic rather than idealistic goals. The former predominantly bought goods in the wholesale market on behalf of members and then sold them to those members in the retail market. The retail merchant was therefore cut out of the delivery process. Central to his success in recruiting members to these enterprises was the place of the annual "Divi" or annual share of co-operative profits. The Divi served to increase the disposable income of members immediately rather than to create capital to be used to pursue millennial goals. As such, the payment of the Divi has been recognised as the fatal breach with Owenism (Gurney 1996 p.4) and this "burgeoning wealth" induced members to become indifferent to the pursuit of idealistic goals (Backstrom 1974 pp. 6-7).

Neale and the Christian socialists generally were antagonistic to this activity because they thought that the profit split should be made amongst the labourers who made the products rather than the consumers of the products. Ludlow and Jones (1867 pp.142-143), for instance, argued that profit sharing had a significant effect on improving worker discipline within producer co-operatives. They contended that it stopped drunkenness and open disorder, and removed the necessity for the workers to perpetrate "the small tricks and dishonesties" to which they felt entitled due to their antagonism to their employer. They also predicted that the interests of the consumer and the producer would be at odds once profits were distributed

amongst consumers. Indeed, the workers who produced the goods would be no better than employees of any other organisation, since they would receive a wage that would ensure the best return to consumer-members (Ludlow and Jones 1867 p. 142, Backstrom 1974 p.7). The increasing dominance of consumer co-operatives with profit distributions via the Divi was nonetheless clear by 1867, with Ludlow and Jones (1867 pp. 133-134) reporting that the Divi was used by the Rochdale Pioneers to build capital and to secure customers.¹⁹

(v) Concluding Comments

The chief insight to be drawn from the rise of Mitchell's CWS is that the idealistic aims of the co-operative movement were suppressed, but never entirely eliminated, in order to achieve practical and commercial ends. The profit sharing, producer co-operation and community building organisations associated with the idealist co-operative promoters did not survive Neale's death on any scale. Profit sharing within producer co-operative activities was formally abandoned by the CWS in the 1880s (Gurney 1996 p. 149) and Mitchell drove this point continuously throughout the two decades he was chairman of the CWS. He stated that profit was made by consumption and so the consumers ought to have it (Gurney 1996 p. 43). Employees of the CWS were treated no differently than the employees of any other employer and the CWS was as likely to purchase goods from private capitalist organisations as from other co-operatives. In the expansion of the CWS under Mitchell, Ludlow's warning appeared to be realised. The CWS became:

...a self-perpetuating bureaucratic machine which was economically conservative and ideologically inflexible, and, within the shadow of its narrowly materialistic influence the entire co-operative movement was gradually transformed into a great impersonal business enterprise (Backstrom 1974 p. 7).

The CWS even had a booking agency with 170 musical acts on its books (Gurney 1996 p. 71). Co-operators abandoned community-building for shop keeping, wholesaling and banking. They were "...impatient with the slow movement towards some future utopia" and settled for immediate gain (Backstrom 1974 p. 62). The death of Neale was the final act in the displacement of the old Owenite, Christian socialist and Millite ideals in favour of the practical, capitalistic nostrums that were popular during the latter part of the Victorian era

¹⁹ The Divi could be taken as a payment on an annual or semi-annual basis by members or it could be reinvested so members became entitled to a greater Divi at the next balance date.

(Backstrom 1974 p. 219). This conglomerate and commercial approach to co-operation also resonated with co-operators in Western Australia in the latter part of the Victorian age.

VII. Harper and Agricultural Co-operation

The four British co-operative traditions considered in this chapter indirectly shaped the development of agricultural co-operation in Western Australia. The arguments and counter-arguments associated with co-operation were well known in the Antipodes by the 1890s.²⁰ The concept of working in concert to earn an appropriate return for all resonated particularly in Western Australian agricultural circles and had done since early settlement (*The Perth Gazette and Western Australian Journal* 26th October 1833). Farmers naturally heard variations of Owen's message that individuals should strive to work together in conditions other than those seen in the Satanic mills (and, of course, many had migrated to escape such mills); of Ludlow's message that it was a Christian's duty to serve one's fellow man; of Mill's message that the labourer may evolve to a higher plane if only given the opportunity to break the master-servant relationship; and of Mitchell's pragmatic message that consumers need not be exploited in the market if they join a consumer co-operative.²¹ Once again it is important to emphasise that individuals, even in a frontier environment, do not live in an intellectual and cultural vacuum in which ideas just appear.

The disposition of Western Australian farmers to embrace co-operative institutions was, however, primarily driven by a pragmatic response to the economic problems of a frontier economy. They needed to co-operate to build capital and to engineer countervailing power against the monopolistic merchants that dominated the thin frontier markets. The four British traditions were, by contrast, designed to solve the problems of the Old World rather than these frontier problems of the New World. Their purpose was, for example, to challenge the inequitable distribution of the economic surplus generated by the newly industrialised work environments rather than to defeat the unforgiving natural environment of Western Australia. The British co-operative traditions nonetheless played an indirect role in the formation of Western Australian co-operatives because co-operative promoters drew upon the more idealistic of these traditions to persuade settlers to join the co-operatives. Indeed, to a large extent, simplistic references to Owen's New Lanark, the Rochdale Pioneers or the Christian

²⁰ For example, see *The Inquirer and Commercial News* 24th July 1889, *The West Australian* 14th March 1891 and the *Western Mail* 7th January 1893. For the growth in co-operation, see *Eastern Districts Chronicle* 5th of May 1897 and *The West Australian* 12th March 1898.

²¹ For references to these British co-operative traditions in Western Australia, see footnote 3 of this chapter.

socialists were used as no more than rhetorical devices to mobilise the recent settlers into co-operatives.²² The influence of the British co-operative traditions was therefore more varied and complex, but less influential, than suggested by the existing secondary literature devoted to Australian co-operation (see the references given in footnote 4 of this chapter). Thus, the position presented here is a more nuanced version of the Turner frontier theory discussed in chapter one. Specifically, although the Western Australian institutions were mainly shaped by frontier problems rather than inherited ideas, the latter still played a role.

Harper, in particular, was far more concerned with the promotion of pragmatic solutions to the economic problems faced by settlers in a frontier economy than idealistic solutions to problems faced by workers in industrial Britain. Harper was instrumental in establishing this pragmatic and frontier-oriented co-operative tradition. He did not introduce the idea of co-operation into Western Australia, nor did he establish the first co-operatives (*The West Australian* 24th July 1889, *Kalgoorlie Miner* 15th July 1896, *Eastern Districts Chronicle* 5th May 1897, *The West Australian* 19th May 1897 and 2nd March 1898), but he was the driving force that created the environment and harnessed the support that ultimately allowed the next generation to establish co-operation as a fundamental part of the Western Australian economy. Harper's experiences, both on the land and as a parliamentarian, made him aware that the resources available to the government, even after the gold rushes in the 1890s, were insufficient to fund the public capital that was required to support the proposed agricultural expansion. The ambitious plan to disperse numerous settlers over a large landmass of uneven productivity meant that the required rail heads, silos, schools and organisational infrastructure were unlikely to be provided by government alone. The dispersed and isolated farmers would also be left at the mercy of monopolistic merchants in the incomplete markets that define a frontier economy. Harper therefore settled on a combination of co-operative organisation and state funding to achieve the desired level of settlement.

The government funding of capital and organisational infrastructure, which was also supported by most of Harper's parliamentary colleagues, was to be constituted by both direct outlays and indirect loans to non-government entities. The provision of government-raised

²² Also note that this rhetoric became more cynical as time passed, with the more commercial organisations that eventually evolved out of these efforts in the second half of the twentieth century making references to Owenite idealism simply to protect their commercial interests (Zekulich 1997, Ayris 1999). Finally, note that the increasingly commercial and pragmatic movements of the later nineteenth century, such as the CWS model championed by Mitchell, also clearly acted as a template for the pragmatic and commercially minded Western Australian promoters.

funds to non-government entities was justified, in part, on the grounds that the state was the only institution in Western Australia with the credit worthiness needed to access the London financial markets.²³ Harper also believed that the state should not only work in tandem with co-operatives to develop the agricultural sector, but also to actively support the establishment of co-operatives. This aid was to take the form of advancing funds to co-operatives and providing co-operatives with material and legal assistance via government offices. Harper believed that government funds and resources should be used to establish co-operatives because the co-operators could use their local knowledge to check the moral hazard behaviour that occurs when individuals receive subsidies directly and, further, they could disburse the funds to the desired ends more efficiently than a state functionary, without agricultural experience or local knowledge, in a distant Perth office.²⁴ The co-operatives so established would also provide farmers with the necessary countervailing power to the original economic power of the monopolists that dominate incomplete frontier markets, and thereby ensure that the famer settlers gained a sufficient reward to keep them on the land.

It was first argued that the state should use co-operators to enhance productivity in the agricultural regions in 1887 Royal Commission into Agriculture (Bolton 1990, Lewis 2006). As mentioned briefly in the introduction to this chapter, Harper served on this Commission and its findings were delivered in 1891. Harper then became the inaugural chairman of the Agricultural Bureau, which had been made operational in 1894 and which was designed to implement this Commission's findings (*The Inquirer and Commercial News* 26th January 1894). Harper used this office, as well as his own time and some of his own fortune, to support the development of co-operatives in any way that he could. Many of his statements relating to co-operatives were fortunately recorded (and thereby preserved for the historian) in his capacity as this office bearer. At the first Bureau of Agriculture conference in 1894, for instance, Harper outlined a program of co-operation in which he placed considerable emphasis on the need for farmers to receive a fair reward for their efforts (*The West Australian* 15th May 1894). He stated that this was not occurring because middlemen had the capacity to set prices at the farm gate and sell produce in distant markets (*The West Australian* 16th May 1894 and 18th May 1894, Cooper *et al* 2004). He believed that such

²³ The extent to which this policy stance should be interpreted as a variation of what Butlin would later call colonial socialism is returned to in chapter four below. The emphasis at this juncture is on Harper's role in establishing a co-operative tradition in Western Australia.

²⁴ Other interposed entities, however, were just as important. For instance, by 1895, the Agricultural Bank had been established to advance cheap loans to farmers (Parker 1957, Spillman 1989).

middlemen were capturing the proper entitlement of agriculturalists who faced the risk and undertook the hard work. Harper further argued at this conference that the government should provide cheap loans to finance agricultural development and identified the need to resolve the transport issue.

Harper particularly sought government aid at this time because the first agricultural co-operatives of the 1880s and 1890s seemed to be struggling without the legislative support and funding arrangements that the state could bring to bear (for instance see *Kalgoorlie Miner* 15th July 1896). Specifically, the early co-operative societies, some of which have been identified by Mercer (1955 pp. 5–9), were deemed a failure by Sandford (1955 p. 25) on the basis that they worked in local isolation and failed to meet the farmers' real needs. Sometimes the co-operative disadvantage paradoxically arose from the provision of state subsidies to the agricultural sector. For example, the Greenough Farmers' Club, a farmers' co-operative established on the Victoria Plains, sent a letter to the Legislative Assembly in 1884 in which it complained that members were being required to wind up their activities because they remained subject to merchants who had established sidings and other infrastructure with the support of the government (WAPP No. A6 1884). Harper's speeches of the 1890s and early 1900s are therefore peppered with appeals for government intervention to resurrect the co-operative ideal in Western Australia. In Harper's address in reply speech of 1903, to take just one example, he moved for government funds to be used to establish a central winery and storage cellars via a co-operative formed for this purpose (Hansard Vol. XXIII p. 2113).

Harper's heavy emphasis on government support for co-operative ventures from the 1890s onwards was also partly driven by the established shibboleths and wisdoms of the day. The most important of these was the Victorian belief that the state should not, where possible, provide goods and services when a private entity could perform this task. Indeed, state aid via co-operatives was perhaps the only form of state intervention that was politically palatable to many of the Perth based merchants who controlled the reformed Parliament (Brown 1996). Harper's emphasis on the way that the agricultural co-operatives would ultimately benefit the entire community—together with his emphasis on the prevalent ideas of thrift, self-help and honesty associated with co-operation—also tended to make his call for government support more savoury to the members of parliament in the heavily Perth-oriented voter constituencies. He described co-operation as a community endeavour, arguing that under

such a system “...every man is interested in the welfare of his neighbour. Such a system must have a beneficial effect upon a community where it takes root” (Mercer 1958).

The extent to which Harper himself believed that the state should be kept at an arm’s length from the economy is reflected in the numerous other co-operative “intermediary” experiments that he supported. For instance, at the second annual conference of the Pastoral, Agricultural, Horticultural and Vine and Fruitgrowers Association in 1894, Harper called for the establishment of co-operative banking after he examined the effectiveness of the German Reiffeisen banking system, as well as for the takeover of the sales process by co-operative enterprise (*The West Australian* 19th May 1894).²⁵ He was also able to see different solutions for different industries and different geographical locations, and sometimes contended that government support for co-operatives should be a temporary measure. In an 1895 newspaper column, for example, Harper wrote that the cattle industry of the North West would perhaps be best managed by a co-operative association receiving money from the government for infrastructure while paying for the daily operations itself. Such an entity “would probably be the best fitted to push the business, and in a few years’ time should be in a position to pay interest...on the money advanced and establish a sinking fund for [loan] repayment” (*The West Australian* 1st January 1895).

Harper further contended that the co-operative was an ideal entity not just for the channelling of government funding for infrastructure, but also for the dispersion of agricultural knowledge and organisational technology throughout the thinly populated farming communities. Given the inexperience of some of the recent settlers in matters relating to farming and given the unique nature of the Western Australian agricultural landscape (which required new drought-resistant strains of wheat and other technological advances), the channelling of this intelligence was just as important as the channelling of capital. The knowledge to be dispersed was to be developed just as much by private associations (and indeed by private individuals, such as Harper himself) as it was by the state. Reference has already been made in the earlier chapters of this thesis to the way in which Harper used his newspaper empire and the experimental farm facilities at Woodbridge to develop and

²⁵ The Reiffeisen banking system was a community banking system developed in Germany. It was enabled via government legislation and initial capital was raised via a membership payment system. The profits earned from banking and the repayments from loans made were reinvested in the loan book or, if there was sufficient extra capital developed, money was provided for local community projects and infrastructure. Usually the local school teacher was made the manager. Harper’s support for this system is considered further in chapter five.

disseminate ideas that could be useful to farmers on recently settled lands that suffered from irregular rainfall, low yields and soil degradation.

Harper's efforts to muster either government support or community support for co-operatives was, for all his frenetic activity in the 1890s, largely unsuccessful until he established a central co-operative body in the 1900s. Indeed, the single most important co-operative institution that Harper established was the Western Australian Co-operative Producers' Union (hereafter Producers' Union) in 1902 (*Western Mail* 22nd April 1912). Harper believed that such an over-arching Producers' Union would resolve the issues faced by the co-operatives that had established themselves in the 1880s and 1890s on a regional basis and which had so far failed to secure sufficient government support or to organise themselves effectively. As the first chairman of this institution he sought to place the agricultural co-operator in control of every aspect of the operation to and from the farm gate—from the purchase of seed, to the transport of the harvest, to the sale of produce. To ensure that the Producers' Union was a success, he travelled extensively and at his own expense, throughout the farming districts at a time when transport options were limited and when he had farming, parliamentary and business commitments that could easily have occupied him in Perth.

Harper ensured the financial capacity of the Producers' Union by standing guarantor for the organisation's overdraft to the sum of £10,000—by no means an insignificant sum at that time (Mercer 1958). Such a large guarantee was required since the Producers' Union needed to advance money to farmers after they had incurred their expenses and before the settlement of the sale of their produce by the co-operative. This was necessary because of the considerable delay between the shipment of produce from the farm gate and its sale and final settlement. Given that farmers had to live and fund their next crop during this period and that merchants were able to provide such timely advances, the Producers' Union would not have attracted members without this facility. The Producers' Union still struggled, however, to recruit and retain members in the years immediately after its foundation. This was partly because, even with Harper's guarantee, the Producers' Union often found it difficult to find sufficient funds to advance to farmers, and partly because it took a considerable period of time for the Producers' Union to build the required capital infrastructure to deliver services.

Harper and the Producers' Union sought to rectify the recruitment problem in 1904 by establishing a subsidiary enterprise called the Producers' Markets Ltd, which was a physical

space located in the western end of Perth's central business district (and now known as Harbour Town) (Mercer 1958). Harper took great personal interest in this initiative due to his appreciation that the markets represented the working reality of co-operation and acted as an extremely effective advertisement for what the Producers' Union was offering to farmers. Indeed, in the process of conversing with potential members throughout the State, he became convinced that the Producers' Union would only survive if it built infrastructure, such as the markets, to increase the returns to its pragmatically-oriented members. Harper also maintained membership in other ways. For example, in response to threats from Bridgetown producers in 1907 that they would make alternative arrangements for marketing their produce due to their dissatisfaction with the Producers' Union management, Harper reassured them by becoming more personally and closely involved in the organisation's management, at significant personal expense in terms of money and time (HFP 1973A/8).

Notwithstanding the early sluggish membership recruitment, the Producers' Union acted as a showcase for the co-operative concept that Harper had championed for so many years, and achieved a number of firsts as an agricultural co-operative in Western Australia. By 1905, for instance, the Producers' Union had undertaken experiments in the shipment and sale of wheat on the London markets in parcels made up of grain provided by several growers. This task required growers to agree on standards for quality, quantity and the timing of delivery of their produce and laid the foundation for bulk handling. It also required the Producers' Union to establish agents in London to receive and market the grain. This eventually led to the establishment of a relationship between the Producers' Union and the CWS (see chapter six below). Ultimately, this relationship was to ensure the co-operative movement's survival in Western Australia as the CWS provided banking and loan facilities during 1914 when the newly created Wesfarmers could not obtain banking support in Western Australia as a result of the merchants' antagonism towards the co-operators (Sandford 1955, Thompson 2014). But this is to get ahead of the narrative.

The number of ventures embarked upon then multiplied as the years passed. In the period between 1906 and 1908, the Producers' Union established a scheme to build grain sheds at sidings via complex financing arrangements, including the issuing of promissory notes and reaching agreements for the provision of land by the Railways Department (Sandford 1955). This was an early major example of the type of co-operative capital formation that would increasingly define the Western Australian co-operative movement in the 1920s. From 1904,

the Producers' Union joined forces with the Royal Agricultural Society and other primary production associations to publish its own newspaper, the *Producers' Review*, which was ultimately taken over by the *Western Mail* in 1929 (Cooper *et al* 2004 p. 200). By 1910 it was also sending frozen lamb to London and importing fertilisers and other inputs required by farmers (Zekulich 1997). All of these advances in the fortunes of the Producers' Union were the direct result of Harper's involvement, his continuous propagandising, the contacts he had created and experiments he had conducted over many years.

The heavy burden of Harper's leadership role in this enterprise was lessened in 1906 when A.M. Oliphant²⁶ was appointed to the general management of the Producers' Union. In 1914, the Producers Union was incorporated into Westralian Farmers Ltd by Harper's son, Walter Charles Harper, and Oliphant became the general manager of the combined entity (Sandford 1955). The close link between the two organisations is driven home by the fact that Westralian Farmers moved into the offices occupied by the Producers' Union on Howard Street in central Perth. Westralian Farmers, in turn, became one of Western Australia's most successful commercial concerns and is now a listed company still operating as the conglomerate called Wesfarmers Ltd. The evolution of the successful co-operatives of the 1920s from the Producers' Union, which was Harper's creation, justifies the claim that Harper was the father of co-operation in Western Australia.

VIII. Concluding Remarks

Harper gathered intelligence relating to co-operation from all corners of the globe in order to develop a nuanced co-operative philosophy that was acceptable to the liberal conservative leadership of Western Australia (Mercer 1958, Thompson 2014). He used his own funds, labour and charisma to convince those who were doubtful about the future success of co-operatives that such ventures could play a significant role in advancing the agricultural industry and the community as a whole. The distinctive features of Harper's co-operative vision were, specifically, an emphasis on (1) promoting pragmatic solutions to the economic problems faced by settlers in a frontier economy rather than idealistic solutions to problems faced by workers in industrial Britain; (2) promoting producer co-operatives in agricultural districts, especially for the purpose of establishing capital and infrastructure for the pooling,

²⁶ Notwithstanding Oliphant's apparent considerable contribution to the co-operative movement, he has not been afforded an entry in the *Australian Dictionary of Biography*, nor is his contribution recorded to any great extent in the co-operative literature relating to Western Australia.

transportation and marketing of the produce (as opposed to the actual growing of it); (3) the use of government funds to underpin the solvency and effectiveness of the co-operatives but only in relation to the provision of financial capital; and (4) the use of co-operatives as vehicles for creating countervailing power in incomplete frontier markets.

One of the most distinctive features of Harper's co-operative vision was the large role awarded to government. Harper was keen to ensure that the moral hazards he foresaw from government activity were avoided through the use of co-operatives as interposed entities, and that the co-operatives themselves were both the conglomerate suppliers and marketers for all agricultural endeavours at the same time as being a source of advocacy for agriculturalists and their interests. Harper nonetheless saw co-operation as a vehicle for endorsing and enhancing government support for agriculture in a way that would later be described, by Butlin and others, as colonial socialism. This issue is discussed in the next chapter.

Chapter Four - The Argument for a Little Judicious Government Expenditure: Charles Harper and Colonial Socialism

*“Major Major’s father...was a long-limbed
farmer, a God-fearing, freedom-loving
law-abiding rugged individualist
who held that federal aid to anyone
but farmers was creeping socialism.”*

(Heller 1955)

I. Introduction

The state played a central role in Harper’s co-operative vision because, as conveyed in the introductory chapter and the last part of the previous chapter, he believed that neither the state nor the co-operators could achieve the desired rapid economic development of Western Australia if each acted alone. Specifically, the amount of capital formation that was required to settle a large number of agriculturalists on an expansive landmass could only be realised if, first, the government used its monopoly over collecting future tax revenues to gain credit from the London loan markets, and, second, the co-operators contributed to this grand settlement scheme by working in concert to build and maintain a proportion of this capital. The second source of capital formation and maintenance was particularly important in Harper’s eyes, since he also believed, rightly or wrongly, that co-operators could exploit their local knowledge to reduce the inefficiencies, rent seeking and moral hazards normally associated with government activity. Harper, in short, believed that the state and the co-operators needed to stride forward in tandem, and he was sufficiently confident this was the appropriate course of action that he devoted a significant part of his own time, treasure and skills to ensuring it happened.

The prominence of government activity within the economies of the Australia colonies has been commonly termed “colonial socialism” ever since the phrase was introduced into the economic lexicon by N.G. Butlin in his 1959 contribution to H. G. J. Aitken’s edited volume *The State and Economic Growth* (see also Butlin *et. al.* 1982, Butlin 1994). Even though the secondary literature devoted to colonial socialism is invariably pre-occupied with the prominence of government activity in the economies of the eastern colonies, the concept is also relevant to the Western Australian economy. The government sector had been assigned an important role in the Swan River Colony very early in its history despite its founding as a privately funded settlement

that was free of convicts. The acute scarcity of private capital and labour due to an absence of a sufficiently valuable staple during the Long Stagnation meant that the problems of transporting and storing any produce could be overcome only through the intervention of the state. Indeed, the economic position of the Cinderella Colony was so precarious that, notwithstanding the dominant *laissez faire* ideology of the time, the Imperial and local authorities undertook public investment to ensure its very survival. The most dramatic manifestation of this state-oriented mindset was the acceptance of convicts from 1850. The state's role was magnified with the advent of the gold boom in the 1890s when the members of the colonial elite, including Harper, supported the government provision of capital to drive the ambitious expansion of both the gold mining and agricultural sectors.

The purpose of this chapter is to examine the extent to which Harper sought to utilise colonial socialism as a model for the economic development of Western Australia.¹ It is argued that his version of colonial socialism was singular because of the way that co-operatives were used to supplement and mitigate the positive and negative consequences of government activity. Harper would have supported substantial government intervention in the formation of capital goods even if the intellectual or economic environment militated against the development of co-operatives. But, given that he believed that private individuals could indeed be mobilized into co-operatives in Western Australia, he argued that this should be done as a matter of urgency. It is further asserted that his support for a larger state was, like his support for co-operatives, predominantly driven by a pragmatic response to the prevailing economic conditions rather than by a pre-existing or inherited ideological framework. Harper's quest for pragmatic solutions to local economic problems induced him to support a range of different types of government activity. These included enabling co-operation via appropriate legislation and policy, the provision of public funds for capital formation and publicly owned businesses, and the utilisation of government regulatory and taxing capacity to support new industries. These arguments are developed in four sections. In section two, I review colonial socialism as a system of economic development. In section three, I review Harper's policy prescriptions and the wider Western

¹ Note that colonial socialism was obviously not a common expression prior to its coinage by Butlin in 1959. It nonetheless captures a mind-set that drove debate and policy formation during Harper's era, and herein I have used the term to describe state-sponsored economic development in Western Australia.

Australian context to determine the extent to which Harper may be regarded as a colonial socialist. In section four, I provide concluding remarks.

II. Colonial Socialism as an Ideological Basis for Colonial Economic Expansion – An Australian Form

The existence of colonial socialism in Australia has never been challenged. This model of the Australian economy has been identified in the literature since the early twentieth century, was more formally named and codified by Butlin in the late 1950s and early 1960s, and then re-examined by a number of historians in the 1980s and 1990s.² The precise characteristics of what constituted Australian colonial socialism is, however, open to some debate at the margin. Butlin, Barnard and Pincus (1982 p. 10) contend that the development of colonial socialism was complex, confused and not uniform. Though each colony had its own government and its own economic policies, in reality, even within a colony, a given government might hold different policies for different industries at one point in time and different policies for most industries at different points in time. It is also difficult to identify what was unique to Australian colonial socialism as opposed to similar economic trajectories in the other settler colonies established in North America, Africa and New Zealand. Frankema (2011 p. 136), for example, identifies the typical features that distinguish settler colonies from what he calls the “extractive colonies”, and believes that the identification of a distinctly Australian model of colonial socialism is a difficult task.

It is nonetheless my contention that Australian colonial socialism had specific elements including time-, colony- and industry-dependent characteristics. For the purposes of this thesis, and due to the unique settlement circumstances that are outlined further below, the key elements of colonial socialism are considered to include: (i) an initial period in all Australian colonies in which either their founding or subsequent survival was dependent upon significant public sector investment; (ii) the promotion of economic growth via public capital formation activities that were more

² For instance, see Pratt (1908), Shann (1948), Fitzpatrick (1949), Butlin (1952, 1962, 1964, 1986, 1994), Coghlan (1969), Pember Reeves (1969 [1902]), Boehm (1971), Butlin, Barnard and Pincus (1982), Blainey (1993), Boot (1998, 2000) and Frost (2000).

likely to be undertaken privately in other countries³; (iii) the state acting as a major employer of labour and user of capital as a direct result of operating businesses that would have otherwise been privately run; and (iv) the manipulation of government activities by colonial elites to serve their own economic interest, particularly by influencing the way in which the state alienated land, the direction and nature of public capital formation, and the process by which public assets were privatised once they were constructed (for example, see McLean and Pincus 1983, Butlin 1994, McLean 2004, Boot 1998 and 2000). A further underlying theme is that state activity in the Australian colonial economies became so prominent and persistent that most colonists became habituated to such activity and largely accepted it unquestioningly.

Although the important role played by the state in colonial Australia is not in dispute, there does seem to be two schools of thought regarding the precise date that colonial socialism emerged fully formed. The first school, which is best represented by Butlin's (1959) pioneering article on the subject, contends that elements of colonial socialism defined the economy of the very first settlement in Sydney and that the recognition of its existence by the end of the nineteenth century simply formalised what had been transpiring in the Australian colonies from the very start. The second school, of which Ian Tregenza's article "Are We All Socialists Now?" (2012) is representative, contends that state socialism (as opposed to colonial socialism) became prominent in the late nineteenth and early twentieth centuries in the process of the peaceful establishment of the Commonwealth. This latter school suggests that state socialism was mainly the product of the transfer to Australia of socialist ideology that had developed in Britain in the late nineteenth century and the emergence of the then common expectation that socialism would naturally follow the age of liberalism.⁴ The claim that state socialism emerged late may, however, be explained away. This is possible once the allusions to the emergence of socialist sentiment in Federation Australia are interpreted as the emergence of the belief that the state could play a role in redistributing wealth, protecting the less able and gaining operational

³ Railway development, road building, telegraph development, subsidised postal services, and harbour development and management are significant examples of this type of activity undertaken by government rather than privately. Additionally, activities such as the construction of public buildings and assisting immigration were significant roles assumed by governments (Boot 1998 p. 89).

⁴ Although Tregenza focuses primarily on the period 1890 to 1914, he describes socialism as having passed through three stages: the utopian stage (early nineteenth century), the scientific socialism stage (mid-nineteenth century and focusing on Marxian thought) and the practical stage of state socialism (later nineteenth and early twentieth centuries). He fails to distinguish between state socialism and colonial socialism in his analysis.

efficiencies in the economy (that is, socialism proper) rather than the belief that the state could play a role in achieving survival, economic growth and gains for the leading settlers (that is, colonial socialism proper). State socialism and colonial socialism are two different things, but are often inappropriately conflated in a way that causes confusion.

Another issue for debate is whether colonial socialism was a pre-existing ideology imposed on the local environment or the product of a pragmatic response to the problems faced in the local environment. The question is whether the economic model of colonial socialism was developed and agreed upon as a theoretical proposition prior to significant government involvement in the economic development of the Australian colonies, or whether it was the *ex post* legitimisation of the acts of the local elite in harnessing government capacity to serve either their own or fellow colonists' interests. It is of fundamental importance to our understanding of Australian economic development during the first century after colonial establishment. The former proposal suggests that ideology played an important role in determining the observed economic policies, while the latter proposal suggests that ideology was developed to provide an *ex post* rationale for economic policies that sometimes were to the benefit of a few, but were paid for by the many.

Butlin's (1959, 1962, 1964) approach was guided by a public-choice and institutional style of economics that became more prevalent in Australia in the 1970s and 1980s, and hence he emphasised the way that government policy was driven by the existing environment, institutions and naked lobbying of economic agents. In this view, the justification for colonial socialism followed, rather than preceded, this development policy. Tregenza (2012 p. 93), by contrast, places greater emphasis on the importation of ideology from abroad, but even he states that by the late nineteenth century political doctrine generally followed, rather than led, political practice. Such thinking was reflected in the way that the contemporary commentators emphasised the pragmatic nature of the electorate and decision makers. For instance, Tregenza (2012 p. 92) refines his position emphasising the role of ideology by quoting Sir Francis Anderson⁵, who, speaking in 1907, stated that, by the early years of the twentieth century, the Australian form of socialism was one in which the "demands of the ideal theory are subordinated

⁵ Anderson (1858-1941) was born in Glasgow, Scotland and, after migrating to Australia in 1886, he became a noted teacher at Sydney University where he held the prestigious position of Challis Professor of Logic at that institution (O'Neil 1979).

to the necessities of the political situation”.⁶ St Ledger (1909 p. 6) similarly felt that socialism was “in the air” by the first decade of the twentieth century, but that it needed to be approached stealthily otherwise the polity could not be convinced of the efficacy of socialist policies.⁷ There is again here a slippage between state socialism and colonial socialism proper, but the quotations are nonetheless still relevant because they convey that the colonists pragmatically accepted what worked rather than a specific ideology. There was consequently an ever present dissonance between acceptable economic ideology, as expressed in the discourse of the day, and the actual practice of governments and economic actors (Gilchrist 2011). This is an enduring theme throughout this thesis.

To some extent, however, gathering historical protocol statements that signal the pragmatic disposition of Australian colonists is less important than an examination of the economic, geographic and institutional environment that prompted the emergence of colonial socialism. This is because the most convincing reasons for the belief that economic practice led economic ideology in colonial Australia, rather than the reverse, are the specific economic explanations for the emergence of colonial socialism that were originally provided by Butlin and the subsequent scholars who followed his approach. These economic historians link colonial socialism to the physical and institutional environment that shaped the original economic formation of the colonies themselves. Four sets of special circumstances prevailed in each of the Australian colonies that favored central government intervention notwithstanding an established ideological preference for the establishment of *laissez faire* market economies.

The first set of circumstances that prompted the establishment of Australian colonial socialism was the way in which New South Wales was founded as a British convict settlement in 1788. As

⁶ Anderson, F. (1907), “Liberalism and Socialism”, Presidential Address to Section G of the Australian Association for the Development of Science. In this address, Anderson sought to make a case that state socialism superseded even the ‘scientific socialism’ of Marx. He believed that, by 1907 when he gave the address, many considered that state socialism had reached an “advanced stage” in Australian political practice (Tragenza 2012 p. 92). There is no evidence that Harper was aware of Anderson’s activities.

⁷ St Ledger (1909 p 129) emphasised this dichotomy in Australian economic thinking as follows: “In no State Parliament has the Socialist party ever come forward with a definite proposal for the nationalization of any single industry...It dare not face the electors with such a proposal”. He added: “The elector has an instinctive, that is, a natural horror of being taxed for unremunerative state enterprises, and still holds that speculation is the province, as it is the risk, of the individual and not the state”. He also believed that liberals and socialists had found some common ground in Australia, since the liberals considered it was the responsibility of parliament as well as employers to improve the standard of living (1909 p. 29).

Butlin (1994 p. 54) pointed out, “[t]he British convict settlement of Australia represented a major act of public investment” (see also McLean 2004 p. 331). The government sector became the centre of a colonial economy of this type because the British government funded the transfer of people and equipment to the convict settlement; contributed grants and paid the salaries of soldiers and administrators; and provided convicts as a source of labour for public infrastructure projects and the private business ventures embarked upon by free settlers themselves. The command and control structure used to manage the initial convict phase of this and other convict colonies also provided the infrastructure, procedures and mental constitution that induced state functionaries to believe that the allocation of scarce resources to competing ends was, at least in part, their responsibility (Shann 1948, Butlin 1994, McLean 2004).⁸ The willingness to resort to the visible hand of the state rather than the invisible hand of the market was then reinforced when the government sector was called upon to resolve the near economic disasters that were experienced in most Australian colonies, free or penal, in their early years.⁹

The second set of circumstances that prompted the establishment of colonial socialism was the way in which the command and control structure established in the early settlements, together with the close relationships between state functionaries and leading settlers, were exploited by the leading settlers to transform public assets into private assets and to deploy public economic capacity in the interests of a few at the expense of the many. The early decades of the New South Wales settlement were notoriously defined by the deployment of public funds to the advantage of the governor and other leaders within the Colony (Evatt 1971 [1938], Kociumbas 2001).¹⁰ The ability of the central authority to make decisions regarding land alienation, the allocation of

⁸ Interestingly, Sharkey and Campbell (1945 pp. 8-10), then president of the Australian Communist Party and Director of the Marx School respectively, also identified this foundation stage of Australian economic development and argued that the increased public ownership of assets and government involvement in enterprise was just a logical extension of the existing state of affairs.

⁹ For instance, both Western Australia and South Australia were settled as free colonies. However, the near failure of these colonies in economic terms relatively soon after they were established, placed pressure on the Imperial and local governments to provide resources and step in as an economic actor (Stannage 1981, Statham-Drew 2003, Bolton 2008). In Western Australia the convict system was introduced in 1850, but in South Australia convicts were never introduced (Hasluck 1965).

¹⁰ The period of initial settlement (from 1788 to 1815) also coincided with the Napoleonic Wars. The additional demands imposed on Britain by these wars meant that Imperial officials struggled to develop appropriate regulatory, administrative and supervisory systems for what was, in effect, a new style of convict colony at Botany Bay. The practice of government and military officers undertaking business interests in the convict settlement also meant that they had considerable conflicts of interest in terms of the arrangements put in place to allocate public assets, such as labour and land. Once the Napoleonic Wars were concluded in 1815, the Imperial government had more resources and capacity to oversee the Sydney colony and subsequent colonies (Bunn and Gilchrist 2013).

convict labour, the allocation of resources towards public works, the letting of the necessary contracts relating to those public works, and the establishment of the commissariat as a pseudo bank due to a lack of specie in the Colony, all meant that public assets could be easily harnessed to serve the private interests of leading settlers and office bearers. Butlin (1959 p. 27), in particular, believed that the practice of elite classes exploiting public resources for private advantage was established in the first 25 years of Australian settlement because, during that time, officials embarked upon their own private enterprises while simultaneously overseeing a penal state that was the largest employer, a price and wage fixer, and land-broker (see also Butlin 1994 p. 132, Boot 1998). This entrenched a philosophical perspective in the leading classes that it was appropriate for the state to take a large role in the economy and in such a way that served their interests.

The third set of circumstances that prompted the establishment of colonial socialism was the way in which the sentiment of exploiting the governing body was carried over into the representative era of colonial government. The Imperial reforms to local administrative arrangements following the conclusion of the Napoleonic Wars led to more substantial instructions for governors, the establishment of land alienation arrangements designed to increase local government revenue, and greater oversight of the activities of those in charge. It was, however, too late by that time to harness the expectations of the colonial elites who were preparing to take more complete control of the governing machinery. Butlin (1994 pp. 80-93) emphasised that the economic power wielded by autocratic governors was transferred first to appointed legislative councils and then to local representative governments. The original desire of local leaders to place expenses against the Imperial government was then naturally replaced by a desire to place those charges against the local government when access to Imperial resources became much more difficult (Butlin 1994 p. 56). This culture of privatising or harnessing public goods for private benefit, while socialising the associated costs, was well established by the time New South Wales, Victoria and Queensland were awarded responsible government in the 1850s. H. M. Boot (1998 pp. 75-77) grants that the New South Wales government never “scaled the heights it scaled in the first decade of settlement”, but also adds that the falling government share of total expenditure in the Colony “masks” the increase in the absolute size of the government.

The fourth set of circumstances that prompted the establishment of colonial socialism was the greater necessity for public capital formation and government intervention in the market given the singular environment of the Australian colonies at that time. The volume of capital needed to bridge the extreme distances within the colonies, as well as the distance between the Australian colonies and the markets in the northern hemisphere (Blainey 1993), gave rise to the belief that this problem could only be solved if the state at least partly funded the construction and operation of the capital infrastructure, especially if it was to be funded at the lowest possible rate of interest. The colonial governments were seen as the most likely entities to raise the capital needed, attract immigrants and to influence colonial and Imperial policy in ways that benefited the colonies (Butlin 1959 and 1994, McLean 2004). Finally, the task of alienating the land, a process that escalated in the middle decades of the nineteenth century, could only be resolved by the government, as the land was initially owned by the Crown (Butlin 1959, Stannage 1981). The Imperial government reinforced this last role by ensuring that the alienation of land occurred at an appropriate price to allow the government to recover the costs of colonisation. Boot (1998 pp. 77 and 79), like Butlin, ties the foundation of colonial socialism to the convict system introduced into Australia in 1788 and the comparative ease with which the colonies' leading classes expropriated public assets, but he too admits that environmental factors help to explain the size of government:

Special problems of remoteness, the physical character and climate of Australia, the absence of municipal and other local institutions, and the limited amount of private capital also made it necessary for the administration to undertake an unprecedented range of responsibilities...the colonial government administered and controlled harbours, ran farms and factories, supplied building materials, constructed roads, bridges and public buildings, laid out towns, administered and controlled the disposal of land, licensed businesses and professions, regulated prices, wages, and working conditions, and regulated the currency and banking (Boot 1998 p. 80).

Given these four sets of circumstances, the likelihood that a pure *laissez faire* economic policy would have been implemented in any of the Australian colonies seems remote. Boot has identified three distinct periods in the trajectory towards colonial socialism: the years in which the government was the dominant provider of resources (1788–1822), the years in which Britain

began to withdraw with the advent of responsible government (1822–1856), and the years of colonial socialism proper (1856–1891). Butlin, Barnard and Pincus (1982 p. 13) simplify this teleological description by asserting that in Australia, by 1900, a “basic pattern of relationship between public and major private interests had long been established.” However, Butlin (1994) refined his 1959 contribution 35 years later when he posited that public expenditure (in terms of both operational outgoings and capital formation) remained fundamental to Australian economic development for the whole period from initial settlement to the establishment of the Welfare State after World War II. Even though the ideological rhetoric changed throughout this long period, Butlin’s (1994 pp. 54-92) view was that the circumstances considered above all served to develop an underlying, and often unremarked upon, acceptance of the government’s role in maintaining and developing the economy. This experience served to establish colonial socialism in Australia and a type of government intervention that had a peculiarly Australian flavour.

The discourse pertaining to Australian colonial socialism has also been complicated by attempts to examine the extent to which colonial socialism retarded or enhanced economic development. This is a question that has been raised by a number of authors (for instance, see McLean and Pincus 1983, Boot 1998 and 2000, Frost 2000 and McLean 2004). Simply because local elites manipulated the government command and control machinery to harvest the publicly formed assets for their own ends does not mean that colonial socialism always failed to serve the interests of the wider “settler” community. It is well known, for instance, that the colonial governments used their secure revenue base to access funds (predominantly from London) at lower rates of interest than could be secured privately. These borrowed funds were passed onto to private interests within each colony at very low margins because each government was able to accept a lower return than would a private intermediary (Butlin *et al* 1982 p. 16). Further, the colonial governments did not necessarily need to make investment decisions using commercial criteria as they were able to pass on the cost of servicing and repaying debt to tax payers, and thereby the broader community.

Even if such positive consequences are accepted, there was still a need to implement mechanisms to prevent colonial elites from harnessing public assets for private benefit, while socialising the costs across the entire population. Harper was especially alive to the rent seeking and moral hazard implications of state activity and, in particular, presumed that co-operatives

were a chief means by which to check this behavior. The Western Australian economic circumstances were, to some extent, only those of the eastern colonies writ large. Harper realized that the development of Western Australia required large-scale public action to attract immigrants and to provide the required public capital and community infrastructure (such as ports, railways, post, communications, community services and education). He believed that co-operatives would not only contribute to this capital formation, but also prevent inefficiencies and distortions from arising due to the managerial and oversight services provided by such entities. The advent of co-operation would also contribute to the appearance that the political leaders were subscribing, in part, to the dominant Victorian ideology of individual liberty, self-help and the *laissez faire* doctrine of limiting government economic activity, while all the time pursuing a variation of colonial socialism in a pragmatic manner.

III. Charles Harper and Colonial Socialism in Western Australia

Butlin and those historians who followed him were predominantly occupied with the establishment of colonial socialism in the east coast settlements, with an emphasis on the New South Wales and Victorian experiences. This focus on the eastern colonies is to some extent understandable given that Western Australia's Long Stagnation transpired during the period that is traditionally reviewed in the literature devoted to colonial socialism. Western Australia is usually represented as an economic backwater of little significance during these years, especially compared to the dominant economies that grew out of the Long Boom in Victoria and New South Wales. The more robust economic trajectory that took place in Western Australia once the gold boom took hold in the 1890s is also usually represented as one that mimicked the trajectories taken earlier in the eastern colonies. The historians who have contributed to the colonial socialist literature have therefore, almost by default, represented Western Australia's colonial socialist trajectory as a late echo of the trajectory that took place in the eastern colonies. It must also be emphasised that this representation is not without merit given that the circumstances that prompted colonial socialism in the east were also present in the west, albeit in slightly altered forms and in ways that either magnified or reduced the role of the state in the economy.

The Long Stagnation and the counter-cyclical nature of Western Australia's economic growth is one reason that a *form* of colonial socialism took hold in Western Australia. Although the Colony did not suffer the administrative corruption that, for instance, New South Wales suffered in the early decades of its establishment (Evatt 1971 [1938], Bunn and Gilchrist 2013), its near economic failure in the first decade or two after its foundation in 1829 prompted the state to seek solutions to the enduring labour and capital shortages (Stannage 1981, O'Brien and Statham-Drew 2009). The government also had the responsibility of alienating land and providing public infrastructure for a landmass that was far larger and more uneven in productive capacity than those regions that were being settled in the east. These processes were naturally exploited by the local settler elite, when possible, for their private benefit. Thus, a large government sector with a significant role in economic development was not a new phenomenon when responsible government was established in Western Australia in 1890. If anything, Butlin and others seem to have missed an opportunity to further verify their model of the development of the Australian state by considering how a colony founded on the principle of private enterprise, but which required significant government support to survive its initial decades, also led to colonial socialism.

Another explanation for the Western Australian adoption of a version of colonial socialism was the decision in the 1890s to pursue a heroic growth objective within the agricultural sector. This target, which could never be achieved by the private sector alone, was to be realised via state immigration and infrastructure schemes. These schemes were to be funded by the state exploiting its improved credit worthiness in London following the gold boom. Such a policy was justified on the grounds that the gold boom would be fleeting, that the influx of population during the gold boom could only be sustained by placing settlers on the land, and that the comparative advantage of the Western Third ultimately rested in agriculture. This prioritisation of growth in the agricultural sector was also driven, in part, by the fact that the farmers and pastoralists who then dominated parliament were more knowledgeable of this sector compared to other sectors, and, more nefariously, were to benefit most if the state allocated resources to build infrastructure and settlements in the agricultural districts. The value of land could escalate a hundred-fold if a rail line, rail head, court house or telegraph wire were placed in a certain location. The rents so gained were not easily retrieved at a later date via some form of land taxation, since, by then, the

first movers would often have sold out to third parties at the new value. Thus, in the public choice fashion suggested by Butlin *et al* (1982), the Perth-based colonial gentry ensured that Albany would not be the main port that serviced the gold districts, as this was not in their interests. They also fought amongst themselves over where a rail head should be located or the path that a proposed rail line should take.

A third and far more complex explanation for the advent of colonial socialism in the West is the way that the Western Australian decision makers had the opportunity to use the region's laggard or backward position in relation to the economies of the east to construct superior policies. This may be seen as a radical variation of Alexander Gerschenkron's (1962) backwardness theorem.¹¹ Specifically, instead of the European countries gaining productive advantage over England by using their status as second movers to invest heavily in large scale industrial enterprises and to do so partly under state direction, the Western Australian agricultural economy could adopt the practices that seemed to be successful in the east and elsewhere. Put bluntly, the colonists of the 1890s not only had an incentive to use the colonial socialism policies of other places as benchmark policies from which to depart, but also to use the power of the state to pursue proven and hard fought successes achieved by private interests in the east and other colonial regions. They also had the opportunity to actively avoid those elements of colonial socialism policies that were detrimental to growth, including the most obvious negative consequences, such as the way that public assets were misallocated via rent seeking activities. Given that the decision makers in Western Australia were the beneficiaries of such rent seeking behavior, they did not necessarily have a personal economic incentive to prevent such activity (especially as they often believed that their rent seeking benefited both them and the wider colonial society). Personal gain was, however, not always a totalising reason for final political decisions and the issue was debated in Western Australia at length (for example, see *The Western Australian Journal* 9th February 1833, *The Perth Gazette and Independent Journal of Politics and News* 4th April 1851 and *The Inquirer and Commercial News* 6th December 1865).

¹¹ Gerschenkron (1962 p.6) posited that, while it was commonly accepted that the history of an advanced industrial nation presents a road map for developing countries to follow, the speed, character and structure of the growth trajectory in a developing country can be different for a number of reasons. This is because the developing country can access the economic knowledge and experience of the developed country to avoid the mistakes made, to solve the particular problems faced by the developing nation and to side-step the long and costly period of acquiring the economic knowledge and experience.

Harper, in particular, pondered ways to prevent the misallocation of public assets. Like his fellow colonial decision makers, he never questioned the need for the state to play a lead role in the economic expansion of Western Australia during the period under review. The key questions were, instead, (1) in what way should the Western Australian government act, and (2) in what magnitude should this action be undertaken? Harper was also an archetypical example of an agriculturalist who, as an influential legislator and newspaperman, had the capacity and economic incentive to sway government policy toward agricultural, and therefore his own, interests. He nonetheless earnestly believed that his interests coincided with those of his fellow colonists and that rent seeking, as a whole, should be checked where possible. Indeed, Harper, perhaps more than any other senior figure in Western Australia, sought ways to reduce moral hazards when public assets were being constructed or distributed. He believed that entities—such as co-operatives, development banks and commissions—should be interposed between the government as a provider of resources and those who were recipients of it. The local or specialised knowledge possessed by those operating these interposed entities could then be used to allocate the government resources efficiently to the many different ends. The allocation decisions made by these entities would certainly be superior to those made by a self-interested clique of politicians or a single ill-informed bureaucracy in distant Perth. Such an approach also allowed Harper to reconcile the state-led growth policy with a prevailing economic discourse that favored the endeavours of individuals acting alone, or via mutual assistance, within a free market.

Harper believed, in particular, that the recipients of government funds were more likely both to use the funds wisely and to repay the advances if the interposed entities, rather than government, were able to exploit local knowledge to consider the character and reputation of the supplicants. The positive moral effects of an interposed entity were magnified when the entity was democratically governed, such as in the case of a co-operative, since recipients were less likely to succumb to the moral hazards associated with receiving government support if they were being watched by their peers. Finally, if the interposed entity was a democratic and mutually supporting co-operative, the government funds would be more likely allocated to serve the interests of the broader community and the lower socio-economic strata. Ultimately though, if

these more preferable methods were unavailable, Harper approved of direct government investment in capital infrastructure, as well as the use of government funds and tariffs to support infant industries.

Harper's version of colonial socialism was, in small part, derived from the mutual aid and local community spirit that he observed during his youth and his travels into remote parts. The interposed entities were, in other words, simply versions of the co-operative ventures in which he had participated. It is, however, difficult to determine the precise source of this framework, since, as mentioned repeatedly in this thesis, Harper left very little written evidence of his economic thinking. I have nonetheless reconstructed his views on colonial socialism by considering his speeches as reported in the contemporary press, Hansard,¹² and the reports of the several parliamentary committees on which he sat. I have undertaken this examination via six sub-sections in which I consider Harper's arguments in favour of the state involvement in transport, refrigeration, agricultural banking, the fertilizer trade and other specific infant industries, and agricultural education and scientific farming.

(i) Solving the Transport Problem

Harper's support for government intervention in the area of transport for produce serves to illustrate the nuances of his thinking on government intervention generally. The London markets balked at financing Western Australian agricultural infrastructure because the small and dispersed settlements were, at least in the short term, unlikely to cover the high overhead costs. The unique nature of Western Australia's physical size, the variable nature of its soils, and the bulky and low value of its produce meant that the required transport infrastructure was a particularly risky investment. The state therefore needed to subsidise this infrastructure either directly or indirectly and in such a way as to keep cartage fees low. Low cartage fees were required to draw the settler population that would, ultimately, produce the export sales required to pay for the high overhead costs, or at least that part of the overhead cost, not justified by a positive externality. The latter included the goal of self-sufficiency and the gains from the external economies that are associated with the extension of markets and the establishment of townships.

¹² The published verbatim record of Parliamentary and Committee debates.

Western Australia was the last colony to commence railway development. A number of private timber mills established their own rail lines from 1871 onwards to transport the timber that they needed to transform into standardized wood categories (Gregory and Gothard 2009). The government then built the Colony's first general transport railway in 1879 from Geraldton to the copper and lead mines at Northampton (Gregory and Gothard 2009 p. 745). Two private railways were also constructed in the 1880s to provide cartage and transport for the general public, but only after significant government support was provided via a land grant system. Specifically, the government provided land plots along the proposed rail route of sufficient value to finance the Great Southern Railway, operating from Beverley to Albany, and the Midlands Railway Company, operating between Perth and Geraldton. Both lines were ultimately purchased by the Western Australian government (Blainey 1993 p. 256). Approximately 60% of government investment was allocated to railway development in Australia between 1872 and 1900 (Butlin 1962, Lamb 1972 p. 252) and Western Australia was no different.¹³ The aforementioned unique combination of size and small population ultimately meant that government support would be greater in the West than elsewhere (Glynn 1975, Stannage 1981, Blainey 1993, Bolton 2008). The gold boom in the 1890s finally allowed the government to subsidise a more extensive network of railways both to the goldfields and to the dispersed agricultural settlements in the South West (Lamb 1972, Gregory and Gothard 2009).

Harper strongly supported the establishment of a network of railways throughout the Colony. In 1894, for example, he used his seat on a Select Committee to support the construction of government railways to transport meat to the goldfields and the metropolitan markets (WAPP No. A12 (v. 2) 1894). He believed that this would yield a better return for farmers and pastoralists, and an increase in the likelihood that Western Australia would become agriculturally self-sufficient. This sort of promotion of state railways was, however, fraught with controversy and potential conflicts of interest. The cost of importing rails, engines and rolling stock from England was significant and the potential private gain from such state sponsored ventures was high. This meant that serious public choice inefficiencies were likely to arise. Specifically, the leading agriculturalists who supported the construction of government rail could disperse the cost and risk of the rail enterprise over the many citizens of the Colony and harvest the gains for the

¹³ For example, Western Australia allocated about 55% of its capital toward the establishment of railways during the 1880s (Lamb 1972 p. 252).

few, namely themselves. As mentioned above, however, there was a general expectation that the longer term would see benefits accrue to the wider community via various positive externalities from a larger settler population and cheaper necessities for the lower socio-economic classes in Perth and other major centres (Butlin 1959 and 1994, Butlin *et al* 1982, Boot 1998 and 2000). The direction rather than the volume of rail infrastructure was potentially a more dangerous source of resource mis-allocation arising from the above-mentioned mis-matching of costs and benefits.

The leading agriculturalists in the Colony could win or lose fortunes based on where the railways went and where they stopped. Those who were politicians were also interested in protecting the economic interests of their electorates, especially since a town or entire district could potentially fail if a railway by-passed it. Harper himself was not immune to political self-interest when considering the financing of specific railways. He was, for instance, keen to represent the interests of his electorate when a rail connection with the Yilgarn goldfields was proposed. He argued that the Great Southern Railway from Albany should be extended at government expense through Beverley (the centre of his constituency) to the Yilgarn on the basis that this would allow for a fast transmission of people and goods from Albany to the goldfields (*The West Australian* 15th December 1891). Harper's proposal for the Yilgarn spur to run through Beverley was ultimately not taken up, but it clearly shows the significant element of self-interest that drove some of his decisions. He was also keen to press for what he considered to be fair transport pricing for his constituents. He argued in the Legislative Assembly that the Commissioner for Railways was overcharging his constituents in order to recover costs resulting from the low prices offered to people on the longer routes heading south (Hansard Volume IV 1893 p. 1131). To some extent Harper was merely fulfilling his responsibilities as a local member by pursuing the interests of his constituency. These episodes nonetheless signal that the socialisation of costs was acceptable to Harper to some degree.¹⁴

¹⁴ This is an important but separate issue to that being discussed within this thesis. Although there is an ongoing interest in the causes and effects of Australian colonial socialism, I am concerned here with Charles Harper's thinking and his rationale for the support he provided to various instances of colonial socialism. However, as an aside, it would be interesting to examine the voting patterns of parliamentarians in relation to proposals for government investment and government operation of businesses, as against the costs and benefits derived. The extent to which government investment in capital formation served to crowd out private sector actors is also an important area of debate. However, again, it is outside the scope of this thesis, since I am concerned with Harper's

It must also be emphasised that, although government support for railway development was considered by Harper as a practical necessity, he preferred to have alternative and private sources of funding and forms of operation if it was economically possible. His socialism was only invoked to the extent necessary when alternative solutions to the capital problem were not available. Specifically, although Harper understood that governments could fund, build, own and operate railways, he also understood that the state should restrict its involvement to the role of financier, leaving private enterprise to build, own and operate the infrastructure. Alternatively, ownership and/or operating rights could be transferred to the private sector once the government had funded and built the railway system. There is no record, however, of Harper proposing that co-operatives run the railways, but he did engineer an outcome in which they were given state-owned rail property to build and run railway sidings for the collection of grain (Mercer 1958). The permutations and combinations of non-government involvement in railways were nonetheless numerous.

Harper articulated this alternative way of thinking when, in the same year that he considered the transport of meat by rail in 1894, he was a member of another Select Committee considering the utility of Pioneer Service Railways (WAPP No. 15 (v.2) 1894).¹⁵ He introduced into the evidence taken by the Committee examples of private financing arrangements that he had identified in the *Times* of London and had garnered from readings about France. He was keen to show that there were examples in the world of railways which were privately constructed and operated. One cited example was the idea of government building the infrastructure and private enterprise operating it with or without penalties where costs and/or income were not as planned. Such a solution recognised the practical reality of the colonial government's capacity to raise loan funds, but at the same time satisfied Harper's desire to see private enterprise operate the business wherever it could.¹⁶ Harper was well aware that the state was the most likely source of capital for the provision of railways and the report of the Royal Commission on Immigration,

thinking and Harper did not consider this issue. It is useful consulting Butlin (1959, 1994), Boot (1998, 2000), McLean (2004) and Frost (2000).

¹⁵ Pioneer Service Railways were light railways with a narrow gauge that were used for the timber lines already introduced above. They were easily moved from one forest to the next according to need.

¹⁶ Harper held the same view when considering the role of drovers in maintaining wells established by government (WAPP No. 12 (v.2) 1894). He argued that government resources could legitimately be used to construct the infrastructure but that it was the drovers' role to maintain it and, in fact, he suggested they form a co-operative for the purpose.

chaired by him and held in 1905, provided significant arguments for government investment in this area (WAPP No. 17 (v.2) 1V 5th P. 2nd S). Encouraging this view, the anti-socialist E. A. Pratt (1908 p. 78) grudgingly stated that the Western Australian railway system had sound management and was one of the few state-owned systems in the world that had made a profit since inception. Pratt (1908 p. 78) added that although the usual political interests served to ensure that the Western Australian railways were not as efficient as they could be,¹⁷ the degree to which they were well-organised made them unique. Railways, however, were just one of many industries that Harper believed needed state aid.

(ii) Refrigeration and the Marketability of Produce

A further issue consistently pursued by Harper relates to the formation of public capital to transport refrigerated produce across the expansive agricultural frontier districts to Perth or a port town, and then across the vast oceans to European markets. As discussed elsewhere (see Mercer 1958, Gilchrist 2009), Harper maintained a close interest in all things new and innovative and constantly wrote to people in Australia and around the world seeking new ideas and examining in close detail the ideas that reached him. He believed that refrigeration was a particularly important innovation that would allow Western Australia to access overseas markets. It improved the opportunity available to producers to send higher value, perishable food stuffs (such as fruit and meat) in large quantities to both Perth and the distant international markets. Fruit and meat were of significant export value to the small Colony and, along with the bulkier staples of wheat and wool, they provided a source of economic diversity and the potential for value-added industries to be established, such as canning factories and abattoirs, in the future. Harper first formally pursued refrigeration when he sat on the Cold Storage Commission which reported in 1893 (WAPP 1893 1892/3 No. A8), but it was not until a decade later that commercially viable solutions were found. In 1906, he was able to personally transport 422 frozen lambs to the markets of London in an effort to increase the prices received by local farmers, who were then experiencing reduced returns from higher costs and lower local prices (*The Producers' Review* March 15th 1907 p.4 and April 20th 1915 p.3).

¹⁷ For instance, the government required the Commissioner for Railways to use Collie Coal as a matter of policy notwithstanding the Commissioner could access better and cheaper coal from Queensland on the other side of Australia. Water usage was also expensive for the state railway due to the need to pay for the supply of water to the Goldfields and the South West. That is, the railway subsidised the cost of water for Goldfields and South West residents (Pratt 1908 pp. 78–81).

Solving the problem of how to transport perishables would also support Harper's broader social objectives. He felt, with some justification, that the capacity of the land was not fully exploited, since orchardists, farmers and pastoralists would not have an incentive to produce unless they received fair prices with a degree of certainty that outweighed the risk associated with their investments. Orchardists, vignerons and vegetable gardeners were particularly exposed to variations in prices because the long establishment periods of such enterprises meant that loan funds were drawn for longer periods, repayment commenced much later, the interest bill was higher, and market volatility more likely. The poor prices received for produce meant that isolated, hard-working agriculturalists were living a hand-to-mouth existence and consumers in the major metropolitan centre were paying too much for life's necessities.

Harper was particularly concerned about the welfare of those who lived at the lower end of the socio-economic spectrum. He believed that government-led industrial development would increase production, facilitate self-sufficiency and, ultimately, lead to fairer prices for the consumer. He considered that his prescriptions for government funded refrigeration helped to serve these objectives. For instance, speaking in the Legislative Assembly in 1903, he made known his belief that the provision of state funding for refrigerated vessels would expand the trade opportunities of pastoralists based in the Wyndham region and reduce the cost of meat to Perth residents by a not insignificant 2d per pound (Hansard Vol. XXIII 1903 p. 237). He also believed that the refrigeration infrastructure should be placed in the hands of co-operatives rather than in the hands of the merchants. This is because he thought that the higher prices in Perth were partly due to the merchants acting as monopolistic intermediaries between agriculturalists and the markets. They exploited their monopolistic position by paying low prices at the farm gate and charging high prices at the markets (*The West Australian* 19th May 1894 p.6). This issue is dealt with fully in chapter five. At this point all that needs to be conveyed is that Harper's enthusiasm for state-led growth was not necessarily an affectation adopted to justify the appropriation of public assets to discrete private interests, but possibly a genuine belief that such policy prescriptions would benefit all.

Harper also found it incongruous that the provision of government funded infrastructure for mining was considered appropriate, but that government funded infrastructure for agriculture was not also an accepted necessity. He believed that the government should fund public abattoirs, well sinking, the building of reservoir tanks and refrigeration to support the pastoral industry in much the same way that public batteries were provided to the goldfields to support that industry (WAPP No. A12 (v.2) 1894, WAPP No. A8 (v. 2) 1898). Even though agriculture was at this time almost universally accepted as the future of economic prosperity for Western Australia, Harper and his colleagues invariably had to argue for government support for non-mining ventures, which was not always forthcoming.

Harper saw all levels of government as having a responsibility to provide funding support for economic development and this expectation extended to local authorities. For instance, in 1892, during the debates that resulted in the establishment of Perth Markets, Harper called upon the City of Perth to finance the building of refrigerated storage as part of the infrastructure in order to preserve the produce that had already been transported from distant parts. In a letter to the Mayor and Councillors of the City of Perth, he argued that “[i]t would be a source of incalculable benefit to the whole colony” (*The West Australian* 11th May 1892 p. 5). He went on to say:

To the producer, the value of such facilities as these would be considerable. To the consumer[,] the benefit would probably be equally great, the advantage to the railway must be large and the value of the shops [sic] of the Municipality would be considerable (*The West Australian* 11th May 1892 p.6).

A case for government involvement in the establishment of refrigeration facilities was also prosecuted in the pages of *The Producers' Review*. It was in this publication that Harper's fellow traveler, M. H. Jacoby, reported Harper's contribution to the development of the frozen meat market before concluding that there was a need for “a little judicious government expenditure” to develop this market further (March 15th 1907 p. 4).¹⁸ This short phrase from Harper's close

¹⁸ Born in Adelaide in 1869, Jacoby died in Perth in 1915 (Black and Bolton 1990, Black and de Garis 1992). His interest in agriculture was established when he became a viticulturist in Mundaring in 1893. In many other respects, he had very different political and social views to those held by Harper and was, arguably, more orientated toward state socialism, seeing colonial socialism as a subset of this economic structure. While Harper was a member of the ruling elite and a conservative, Jacoby was politically inclined towards universal suffrage and especially the democratic election of both Houses of Parliament. He was particularly concerned that, as all of the taxpayers funded the Legislative Council, it was unacceptable that only a section of the taxpayers were granted the right to elect members to that chamber. However, very much like Harper, he was keenly interested in things agricultural. Further,

compatriot encapsulates much of Harper's thinking in relation to the provision of government funding in many areas of agricultural endeavor. Jacoby worked closely with Harper to promote co-operation in agriculture and had established *The Producers' Review* to provide political commentary and up-to-date knowledge of practical farming issues. He believed in a large government sector, but agreed with Harper that co-operatives could be used to prevent any abuses arising from colonial socialism. He also worked with Harper to establish the Producers Co-operative Union Ltd, participated in the establishment of the Western Australian Fruit Growers' Association, and was a member of the Farmers and Settlers' Association. Jacoby was also an astute politician who encouraged farmers to consider political questions from their own standpoint and to stand up for their interests. This was a particularly difficult task given that farmers were dispersed and took pride in their individuality. In fact, it was only in response to the unionisation of farm labour that the farmers established a political party (Graham 1966).¹⁹ Taking over from Harper as Speaker in the Western Australian Legislative Assembly in 1904, Jacoby's continued cry was "co-operation rather than state interference", which demonstrated that he was more idealistic in his economic thinking than the pragmatic Harper (*The Producers' Review* 20th April 1915 p. 3, Philips 2004 pp. 113–116).

(iii) Providing Financial Support for Agriculturalists

The frontier conditions in the unusually harsh Western Australian agricultural districts meant that settlers often earned low returns at high risk. This, in turn, meant that settlers could not access credit markets to build the capital needed to overcome these frontier conditions and potential settlers were less likely to migrate to these districts. Harper believed that the State should therefore use its credit worthiness in the London finance markets to provide loans to settlers. The loans should be advanced to farming enterprises that had a high chance of becoming productive,

Jacoby and Harper were almost in full agreement with regard to policy prescriptions in this area. Notwithstanding his preference for co-operation above all, in reviewing Jacoby's comments, it would seem that he was much quicker to invoke direct government support than Harper. .

¹⁹ The fact that Jacoby found political affinity with members of this group, who were essentially established as a result of the actions of unionised agricultural labourers in the eastern states, and were, if not antipathetic to the labour movement, seeking mutual protection from what they saw as the excessive demands of labour, serves to emphasise the lack of political drive of agriculturalists of this time. Jacoby would be recognised today as a socialist rather than a political liberal in the Australian sense of that term. However, the political affinity to be found between members of the nascent Country Party was based in the need for the mutual defence of their interests against labour rather than any coherent political program they had developed and agreed. Initially, it was a party of self-defence rather than a party of offence.

and in such a way that interest was repaid so that taxpayers were not exposed. As already identified in this chapter, Harper was not in favour of the state providing any funding directly to individuals. He is repeatedly recorded in the press and in various committee reports as stating that the government should establish interposed entities between it and the market, and that these entities should advance the funds to individuals in accordance with established business principles. The establishment of interposed entities run along local and democratic lines was a particularly important objective throughout his political career and it is a key element of his co-operative vision.

Harper's stand on the strict way that the government should advance loans to farmers is reflected in the debates related to the 1893 Homestead Bill. This Bill, amongst other things, was designed to encourage people onto the land by offering cheap loans once they had established a homestead on their property. Harper was not opposed to the idea of government funding of the agricultural sector, but felt that the funds should be directed to those areas that would maximize the growth prospects of the Colony and, further, that there should be a mechanism put in place to ensure that a loan could be refused if the character or industry of a prospective recipient was found wanting. Therefore, at the time of the Legislative Assembly's consideration of the Homestead Bill, Harper spoke against the central proposition because he believed that this type of encouragement would cause homesteads to be developed rather than land to be cultivated (Hansard Vol. IV 1893 pp. 367-368 and 370). That is, it would lead to poor prioritisation, since recipients would be rewarded for establishing their home rather than their first crop. Having said this, the nature of the institution that would advance the funds to the farmer was a more important issue for Harper.

The interposed entity that Harper initially proposed to channel the government-raised funds was a co-operative community bank. He articulated this position in May 1894 at the joint annual conferences of the Pastoral, Agricultural, Horticultural and Vine and Fruitgrowers' Associations. He argued that loans needed to be advanced at a sustainable interest rate to induce agriculturalists to increase output and provide produce to markets at a lower price for consumers (*The West Australian* 19th May 1894). Displaying his wide research by referring to the Reiffeisen banking system in place in Germany, he asked the secretary to read an article devoted to this

system that had recently been published in the *South Australian Chronicle* (21st April, 1894).²⁰ The audience heard that Reiffeisen or Community Banks had been introduced into Germany in 1849 and that there were 885 such banks extant in Germany by 1894. Each bank was based in a parish, had around 400 members, was governed by a democratically appointed management committee, and the characters of all prospective supplicants were known to the managers. Indeed, the members were invited to join based on their good character and reputation as understood by the local, democratically-appointed management committee (*The West Australian* 19th May 1894 and 26th May 1894). The German authorities eventually made it compulsory to distribute dividends, but the initial rule was that surplus earnings could either be placed in reserves against bad loans or lent out. Thus, there was no need to rely on outside sources of funding, and if this reserve became too large and there were no additional viable loans to be made, some of the funds could be used for public works.

The Reiffeisen model interested Harper greatly because it included a number of characteristics that were central to his thinking. Local knowledge was exploited by small co-operative entities to ensure that funds were either advanced to deserving recipients or used for some public good. These entities were also self-funding once established. Harper's variation of this idea was simply to have the foundation capital provided by the government and then, once established and trading, the funded entities could recycle that capital and use the profits earned more effectively, efficiently and with less risk, to provide cheaper loans to farmers of good character and reputation without needing additional draws on government resources. Over time, the government's capital would become a relatively small proportion of the total capital in use. At times, Harper even suggested that the intermediary need not necessarily be a co-operative specifically, so long as funds were funneled through local boards of some sort in order to prevent the unsatisfactory "moral effect" caused by direct government funding (*The West Australian* 8th June 1894 p. 2). The government would have to make advances to all at great risk to the public purse, whereas an interposed entity (say, a bank or co-operative corporation) could consider character (*The West Australian* 30th June 1894 p. 3). The recipients of cheap loans would also act more honestly and in the interests of all if they were aware of the oversight of their peers:

²⁰ The media of the day were not entirely supportive of the idea. Responding to Harper's notion that farmers needed cheap money in order to be successful, one journalist opined that, indeed, that was all anybody needed (*The West Australian* 15th June 1894).

Mr. C. Harper, M.L.A., in reply...No doubt, if the Government were to lend their money it would not be safe, because people did not look on the Government funds as they did their own. But he thought if the principle was established amongst themselves the fact that others had their eyes on them would have a good effect (*The West Australian* 19th May 1894 p. 6).

For Harper, the democratic basis of management combined with the "...premium on honesty and thrift..." (*The West Australian* 19th May 1894 p. 6) would allow the rural economy to develop more rapidly and effectively than any other model. The portfolio risk of such a community bank would be lower since those borrowing funds would be less inclined to let down their fellow settlers and those with poor reputations would not have access to loans.

The political elite eventually settled on a government owned Agricultural Bank rather than the Reiffeisen banking system as the means by which to channel funds to the farmers. Harper was alive to the difficulties of introducing a pure form of Reiffeisen banking system into Western Australia due to the dispersed nature of the settler population and the size of the economic problems that the agricultural sector faced. The branch structure of a largely independent Agricultural Bank also went some way to meeting his requirements for the deployment of local knowledge. Specifically, the Agricultural Bank was established in 1895 with instructions to operate along commercial lines and had become essential to agricultural financing by 1901 (Burvill 1979 p. 330, Spillman 1989). It was at this point that Harper served on a Select Committee, which was chaired by M. H. Jacoby, to review the state of this institution (WAPP A33 (v. 4) 1901-02). The Committee reported that the Agricultural Bank had commenced operations with £100,000 in capital raised via government guaranteed bonds and with a maximum loan limit to individuals of £400. It was sufficiently well run along commercial lines that the Committee congratulated the manager for losing only £10 to bad loans in seven years of operation (WAPP A33 (v. 4) 1901-02 pp. 24–32). It appeared that Harper's thesis regarding the avoidance of moral hazard was correct—an interposed entity was able to restrict the flow of funds to likely bad investments where the government could not.

The 1901/2 Jacoby Committee also clarified the purpose of the Agricultural Bank. It stated that the Bank provided "state aid to farmers" in order to create "new men" and to give them every

chance of success while maintaining commercial discipline in order to protect the State's interests (WAPP A33 (v. 4) 1901-02 p. 776). The phrase "new men" referred to the attraction and settling of more people on the land rather than to the philosophical idea of the "mutability of man", while the importance of commercial discipline was highlighted both to protect the State's interests by ensuring that no moral hazard accrued when the government handed out money. In light of this purpose though, the Committee made a number of recommendations. One key proposal was that the Bank's remit be extended to allow the manager to advance sums for the discharging of currently drawn commercial mortgages on other institutions held by farmers in order that cheaper alternative funding from the Bank could be made to enable farmers to bring more land into cultivation. The committee saw that land was lying idle because farmers could not clear more expensive commercial debt and their encumbered title prevented them from accessing cheaper government-backed Agricultural Bank loans. It is recorded that Harper opposed this recommendation because he believed that the Bank should prioritise lending to new settlers rather than existing settlers (WAPP A33 (v. 4) 1901-02 p. 39).

Some committee members were concerned that the track record of the Bank in terms of its collection of debts was actually indicative of an excessively conservative institution and that the managers needed to place the State's interests—that is, the speed of development—ahead of those of the trading record of the Bank (WAPP A33 (v. 4) 1901-02). There was some merit in this thinking. For instance, it was believed to be in the State's interests if the Bank considered riskier loans for orchards, vineyards and other agricultural endeavours, since these operations would see a greater diversity of higher value produce than the wheat farms and sheep runs favoured by the Bank up to that point. These higher value operations were riskier because their long establishment time meant that a return to the proprietors and the capacity to start repaying loans was longer in coming. It was stated, for example, that prospective orchardists and gardeners needed to have around five years' worth of operating resources in capital and to have cleared their land prior to making an application to the Bank (WAPP A33 (v. 4) 1901-02 pp. 167–187). One member who was keen to see the establishment of the Bank along such liberal and "useful" lines believed that a genuine horticulturalist without money would need seven years to establish an orchard and hence he or she should not be required to commence paying back the advance from the Bank for seven years (WAPP A33 (v. 4) 1901-02 p. 187).

Harper was not above exploring these ideas. For instance, he sought to determine the extent to which the Bank could assist horticulturalists to become established and enquired whether it would support such men if the government paid for the initial clearing (WAPP A33 (v. 4) 1901-02 p. 227). Harper was, in other words, considering a scenario in which the government provided the capital required to prepare the garden for planting. He was also interested to know the extent to which the Bank would fund the acquisition of stock and whether or not it was possible for ewes to be raised at government expense and then sold to smaller farmers in the small numbers that they could afford (WAPP A33 (v. 4) 1901-02 pp. 337–348). Harper was, however, perhaps more interested in ensuring that the Bank was a sound and efficient operation that was run along commercial lines.²¹ For example, he wanted loan applications to be approved within a time frame that allowed farmers to work their land as soon as possible; he could not see the value of ministerial involvement given the Bank's officers had the local knowledge which was denied the minister (WAPP A33 (v. 4) 1901-02 p. 129); and he was keen to ensure that the Bank and the Department for Lands co-operated to derive the necessary land valuations in a way that served the needs of all parties to the loan.

Harper argued for an Agricultural Bank that was both commercially sound and provided funds on liberal terms to the genuine, industrious settler. The State was using its financial standing to subsidise these funds and hence additional risks could be absorbed if a suitable positive externality associated with an advance could be identified. Unfortunately, Harper's delicate strategy of balancing sound banking with growth objectives was not pursued after his death in 1912. The expectations placed on the Agricultural Bank changed over time as Western Australia's economy became stronger and as the political environment matured. This change effectively meant that the initial strong commercial focus, the attempts to acknowledge the dominant liberal and individualist thinking, and attempts to avoid the moral hazard associated with the use of public resources, gave way to more flexible rules and less oversight of the funds advanced. As the electoral franchise was extended and as political classes became more

²¹The Committee also recommended that the Bank provide advances for the purchase of cattle and sheep stock (which was very expensive in Western Australia due to the transport costs from the eastern states). It was reckoned that such advances would allow for the opening up of around one million acres of new land to pastoral grazing. (WAPP A33 (v. 4) 1901-02).

comfortable with the increasingly overt and intentional implementation of colonial socialism, the political imperative overtook the economic imperative. Increasingly questionable government investments were made. It is likely that the capacity of the Bank to pay out commercial loans crowded out private financiers and restricted such private bankers from entering the market, while increased political attention was drawn to unquantifiable long-run social returns as a rationale for supporting the decisions taken (Butlin 1959 p. 41, Boot 1998, Gilchrist 2013). I pick up this aspect of the discussion again in chapter six below; suffice to say here that the risks taken via the expansion of the Bank's decision making capacity in the first decade of the twentieth century arguably placed it on track to collapse in the 1930s.

(iv) Government Support of the Fertiliser Trade

Harper considered a range of prospective government actions to support local industry. These included the use of government resources and legislation to subsidise and protect infant industries. By way of example, Harper focused on the relative quality and cost of farming inputs as he rightly identified that these factors had a significant bearing on the capacity of the agricultural sector to increase land under acreage and to enhance productivity. The harsh frontier environment of the Western Australian agricultural districts was once again a key factor in driving this decision. The distance and transport problems that affected the delivery of produce also affected the capacity of farmers to obtain the necessary inputs of a reasonable quality at a reasonable cost. Furthermore, unlike the uniform soils of Australia Felix in the eastern colonies, the Western Australian farmer needed fertiliser to ensure a level of productivity that would make the effort to settle on the land worthwhile. As such, Harper was also greatly interested in the issue of the quality and cost of this important input.

As early as 1887 Harper was calling for the government to protect guano deposits by enacting appropriate legislation to prevent the hunting of sea birds and the taking of their eggs on islands that were sources of this important fertiliser. Guano and similar nitrogen rich fertilisers were important because the lack of nitrogen in the Western Australian farmlands meant that the land was exhausted after only a few seasons. Without a nitrogen rich additive, the farms soon became barren and the capital expended on setting up the farm, and potentially the transport arrangements made, were wasted. The production of guano into superphosphate was also seen as

an important step and serves to demonstrate Harper's faith in scientific farming, which is discussed below in some detail. He called for the establishment of a bonus of £500 to be paid by the government to the first firm that produced 500 tons of superphosphate and then another £500 bonus for the first firm to produce a subsequent 1,000 tons (*The West Australian* 8th August 1887 p. 3).

The development of a "farmer-friendly" legislative framework was also an element of colonial socialism that is not often considered. Harper was among a number of parliamentarians seeking this form of government support for agriculturalists. For instance, legislation was sought to ensure that the fertiliser sold by merchants reached a minimum quality requirement (Glynn 1975). Evidence introduced into various parliamentary committee hearings suggested that fertiliser suppliers were defrauding farmers by providing adulterated and otherwise poor quality goods. Farmers were, generally, unable to respond adequately due to both the cost of returning poor fertiliser to producers and the time constraints associated with planting regimes. Often, they simply had to accept the poorer quality inputs and continue with their planting. Harper and his contemporaries seriously considered a government monopoly of the fertiliser trade as a means of circumventing this problem (*The West Australian* 11th December 1901).

Harper once again sought to support his arguments in favour of government action by using his own resources and the parliamentary committee machinery to gather relevant evidence from national and international sources. One parliamentary committee on which Harper served as a member reviewed the options for a government monopoly by reference to the government coffee monopolies of the Dutch Settlements in South East Asia. It also considered the tobacco monopoly held by the French government in relation to that country's external territories (WAPP A33 (v. 4) 1901-02). While this committee ultimately rejected the idea of a monopoly, it felt that the Western Australian experience was more intractable than elsewhere largely due to the distances covered between production and delivery, and the practical difficulty involved if the farmer was dissatisfied with the fertiliser. It therefore felt that the government should make a trial shipment of fertiliser with a view to testing the idea (WAPP A33 (v. 4) 1901-02).

(v) Government Support for Infant Industries

Harper also used the various committees on which he served to argue in favour of the government supporting those fledgling industries that faced debilitating competition from external sources. Such support was always to be mitigated by adequate underlying security and provisions. These measures were designed to ensure the recipients of such support were required to place their own resources into the infant industry, to ensure that the industry was likely to be viable and useful to the Colony or the State, and to ensure that there were satisfactory performance requirements to be met at stages throughout the establishment process. This last requirement meant that the government resources provided could be withdrawn if necessary and before they were exhausted. Infant industries that Harper believed should enjoy government support in some way or another included pearl farming (WAPP A2 1880), ostrich farming (WAPP A9 1885), North West sugar (WAPP A7 1885) and the utilization of guano deposits in the State (WAPP A12 1887).

Harper was particularly keen to support infant industries in the face of debilitating external competition by encouraging the government to construct or subsidise the capital used in the import-competing industry. For instance, in 1900 Harper moved for the government to construct a central winery and storage facility to support the infant wine industry by reducing the amount of private capital required in its establishment (Hansard 1900 p. 2113). He also moved the establishment of arrangements that allowed for the provision of government guarantees for the wine industry and agriculture generally. Such guarantees would enable banks to lend more readily to aspiring vignerons, orchardists and market gardeners, all of whom faced extended establishment periods without incomes and faced considerable competition from the eastern Australian economies, but whose produce was of great value to Western Australia.

Harper's thinking in relation to government support for infant industries was developed as a result of observing what was actually happening and then responding accordingly. This type of analysis extended to observing that there were a number of inconsistencies in the application of orthodox economic policy. For instance, as mentioned earlier in this chapter, Harper identified that the government supported the mining industries by providing public batteries while the wine industry received no such support. This was despite the fact that government support was "...a

matter of life or death for the wine industry...” because of the increasing competition that was likely from the eastern colonies, where government aid was prevalent and from where wine could be dumped in the Western Australian market to the detriment of the local industry (Hansard 1900 p. 2113). Harper also saw the taxation system as a legitimate source of support and protection for established and nascent industries alike.

The tariff was the most important source of revenue for the local government (Glynn 1975 p. 38) and was also the chief method of providing economic protection. When economic conditions were poor in the east, as they were from the 1890s onwards, it was believed that Victorian and New South Welsh manufacturers and agricultural merchants dumped their excess goods into the Western Australian economy. Harper believed it was appropriate to use the taxation system to provide protection for local industries from the predatory action of these eastern capitalists. He was able to promote these views when he chaired the 1893 Royal Commission Appointed to Inquire into the Operation of the Existing Customs Tariff of the Colony (WAPP No. 22 1893). Given that he was chairman, it is reasonable to presume that the direction of committee discussions and the final major recommendations reflected Harper’s views.

The Commission was not able to examine alternative forms of raising taxation as it was required to “preserve the Customs Tariff [which] precluded any divergence from the general nature of the Tariff Act” (WAPP No. 22 1893 p. 3). However, the commission’s evidence and report serve to highlight Harper’s thinking regarding the use of the tariff as an instrument that both protected local industries and raised the revenues needed to fund public capital projects, but in a way that did not erode the local standard of living through higher prices. This last goal was important if prospective settlers were to be drawn to the region. While operating from the general desire to see taxation minimised (*The West Australian* 30th June 1893 p. 3), Harper explicitly recognised the need for a tariff as a means to raise the required revenue to fund the schemes about which he was passionate and as a means to protect local industries (WAPP No. 22 1893). Harper’s introduction to the report indicated that the recommendations made “...are...mainly confined to the removal of anomalies, the lightening of the load upon industry and enterprise and upon some of the necessities of life” (WAPP No. 22 1893 p. 3). Given the committee’s inability to consider other forms of taxation, this was probably as holistic a review as could have been undertaken.

The report also included evidence to the effect that dumping of agricultural produce and manufactured items was the result of poor economic conditions on the eastern seaboard, especially in Victoria (WAPP No. 22 1893 pp.17-20). The committee saw a need to mitigate this threat, but sought to develop recommendations that were measured and non-parochial in nature. Higher tariffs were deemed an appropriate means to combat dumping if the act of dumping reduced the market available for local produce; it was in a market in which Western Australia had a reasonable chance of becoming self-sufficient; and if the goods dumped were of inferior quality to the local product (WAPP No. 22 1893 p. 4). This policy prescription applied to all industries, but was an especially important issue for local agriculturalists as Victorian farmers were able to land produce in Perth markets and sell at a lower price than local Western Australian producers (*The West Australian* 30th June 1893 p. 3, WAPP No. 22 1893 p. 4). The problem was exacerbated by the fact that Western Australians seemed to have a preference for exotic rather than local products:

...one witness declares that his goods, though rejected with ...[his] firm's brand upon them, are sold readily under the magic brand "Imperial"... Yet another says his goods are run upon when placed in French boxes, upon which the retailer forbids him to place his name (WAPP No. 22 1893 p. 4).

The report ended with a note reinforcing this point and calling for "...a marked and emphatic attention to the blind and unreasoning prejudices exhibited by the general public in its treatment of local manufactures" (WAPP No. 22 1893 p. 4).

Consistent with his thinking already discussed, Harper was also keen to ensure that the tariff was not used to afford undue protection to industry. He wanted to keep out of Western Australia under-priced and poorer quality substitute products, but at the same time wished to develop a competitive local industry that did not charge excessive monopoly prices.²² However, he

²² Additional considerations were also reviewed by the Committee to ensure that the protective qualities of the tariff were retained. This included the recommendation that tariffs be specifically determined in absolute terms rather than via an *ad valorem* tax (WAPP No. 22 1893). This was a pragmatic recommendation in that, if a particular good was to carry a tariff because it was being dumped in the local market, the striking of an *ad valorem* amount may not necessarily make the good equal in price or more expensive than the local alternative, whereas via the striking of a tax of an absolute value the price could be made to do so. Additionally, the striking of a specific value would also allow the tariff to be reduced as the price of the good plus the tax gradually met the commercial price of the good

believed that protection should not be open-ended in those domains in which it was deemed justified. Speaking to his constituents in 1893, Harper indicated that he believed that a protective tariff should apply only until the price of the good entering Western Australia hit a certain limit, after which that good should be allowed entry for free (*The West Australian* 30th June 1893 p. 3). Thus local producers would still compete with foreign producers and not become lazy or inefficient. There would remain downward pressure on local prices and protection would only be used to create a level playing field with those of external industries. There is no evidence that Harper explicitly considered the more sophisticated concept of comparative advantage that would lead to the questioning of the universal application of this equal cost or 'level playing field' policy.

Harper and his fellow committee members did not, in any event, always raise tariffs to achieve an equal cost outcome, even when considerable pressure was placed on them to recommend higher tariffs in the interests of local producers. Harper's committee considered each representation from a sector group on its own merit, in relation to the interests of the particular industry and the consumers supporting that industry. For instance, the committee considered evidence from the local engineers who sought a 25% tariff on certain manufactured items in order to protect their businesses from the competition of eastern colonies (WAPP No. 22 1893 p. 3). In arguing for this support, the interest group cited that they would have additional requirements for labour should such protection allow the industry to flourish. The committee's response was to reject the submission on the basis that the industry did not have the capacity to meet local needs and that the labour employed in trying to do so would, in the committee's view, be better deployed in mining and agriculture. On the other hand, the committee sought to give protection to the colonial beer industry in order to facilitate its establishment in the context of significant eastern states competition. A further extension of this protection was sought by brewers through the levying of a tariff on local wine production. That is, the brewers wanted the wine industry to pay a higher rate of tax to ensure that the brewers did not face competition from that quarter. However, while Harper and his colleagues saw sense in protecting brewers from eastern competition, they did not think that it was sound policy to protect one local industry over

produced locally. That is, as described above, the protection was not intended to be open-ended, but was a method of levelling the field so that local industry could compete.

another. Further, it was recognised that the wine industry constituted a potential source of exports while the brewing industry did not, so the request for further protection was rejected (WAPP No. 22 1893 p. 4).

(vi) The Bureau of Agriculture and Government Sponsored Training

It was natural during the late nineteenth century for farmers to seek scientific solutions to the soil problems they faced in the frontier settlements of Western Australia. It was also natural that Harper, with his ever curious mind and drive to develop the Western Australian agricultural economy, would pioneer scientific methods and champion government involvement in the development of scientific solutions and education. The Bureau of Agriculture played an important role in deriving these solutions. As mentioned in chapter three of this thesis, the Bureau of Agriculture was established to implement the 1891 findings of the Royal Commission into agriculture that was appointed in 1887. The Bureau was operational by 1894 and Harper was made its inaugural chairman. The Bureau was then recreated in the form of a department of state in 1898 as a result of the report of the Select Committee on Placing the Bureau of Agriculture under the Control of a Minister of the Crown (WAPP 1897 V2 A4). The role of the Bureau was to provide technical assistance to agriculturalists, undertake scientific experiments into farming techniques, and assist in the solution of various regionally specific and ubiquitous problems faced by farmers at the time.

The overriding purpose of the Bureau and then the Department was to enhance the productive capacity of the agricultural industries in the Colony (Mercer 1958, Crowley 1960, Cox 1966, Glynn 1975). The organisation sought solutions to problems of production and transport and it lobbied for the deployment of government resources to achieve some of the solutions identified. At its 1894 conference, Harper and Cowen, as chairman and secretary of the Bureau respectively, placed before the audience a set of four themes for discussion which they considered to encapsulate the issues and objectives of the conference and the Bureau itself. These were: (1) farmer instruction, (2) vigorous and systematic warfare against all enemies to plant life and noxious weeds, (3) the transportation and safekeeping of produce, and (4) the co-operation of producers (Cooper *et al* 2004 p. 128).

Harper was a logical choice for the position of foundation chairman for this institution as he was already involved in experiments relating to the development of wheat strains; in the packing of fruit for export to the far-off markets of Europe; in the use of various chemicals for increasing the productive capacity of poor soils; in combating the naturally occurring diseases and parasites; and in advocating for the establishment of agricultural colleges and scientific farms. However, it is incorrect to say that these ideas were Harper's alone nor that they were in any way original to him. For instance, the idea of establishing agricultural colleges and scientific farms was put to the Western Australian government as early as 1884 by Anthony Hordern. Hordern's submission was referred to a Special Committee of the Legislative Council and ultimately rejected on the basis that the Colony did not have the financial capacity to carry out the ideas put forward (WAPP 1884 No. A9). Circumstances had changed by the mid-1890s and Harper and his allies called for the government to support initiatives to build the agricultural sector. The recreation of the Bureau into a department of state in 1898 was, in many respects, a logical outcome of these calls and also a victory for the pro-government involvement party. By the time the Bureau became a department of state, the government's responsibility for supporting the development of the agricultural sector in Western Australia was almost universally accepted.²³ Harper might not have been the only voice, but his was crucial in pushing the government forward.

There was, however, a compelling alternative argument put against the proposed creation of a new department of state that was based on the concern that the Bureau would become subject to political influence and the vagaries of annual supply (WAPP 1897 V. 2 A4 p. 82). This argument was especially emphasised by the Secretary of the Bureau, Cowen, who was additionally concerned that the quality and experience of government ministers could often be found wanting, since they did not necessarily have an interest in, or a knowledge of, agriculture. Cowan cited the experience of the South Australian industry in this regard, where a retired policeman became minister of agriculture with apparently adverse results (WAPP 1897 V. 2 A4 p. 82). While some

²³ In giving evidence at the Select Committee hearings held to examine the possibility of placing the Bureau under a minister of the crown, Harper expressed his concern that the Bureau had no one to speak for it in the Parliament (WAPP 1897 V. 2 A4 p. 11) and that while he was a member of parliament, it was inappropriate for him to speak in that place on the business of the Bureau because he was also the Bureau's chairman. He was concerned that the Bureau was "...liable to all sorts of attacks without being able to say a word in defence...that is the weak point with regard to the [the Bureau's] political position..." (WAPP 1897 V. 2 A4 p. 79).

in the Committee argued that ministerial competence would be considered before an appointment was made, Harper was less sure and stated that it "...would all depend on the ministers [of the time]" (WAPP 1897 V. 2 A4 p. 83). Harper's evidence was also important in terms of setting the administrative arrangements should a department be created. He was able to use his experience to talk authoritatively with respect to the resources that would be required to adequately run the department (WAPP 1897 V. 2 A4 pp. 88-94). Ultimately, Harper's view was accepted:

I must say distinctly that from the very first I have always recognised that the Bureau is entirely a temporary arrangement. The Bureau was only to last till the industry became of sufficient importance to be recognised in Parliament as one requiring to be administered by the State (Charles Harper, WAPP 1897, V. 2 A4 p. 96).

IV. Concluding Remarks

Although Harper did not leave us a comprehensive written explanation of his economic thought, the extant evidence has allowed consistent themes to be identified. Given Harper's long and high profile career in a number of areas of activity and, particularly, his very long political career, much of his thinking is recorded in newspaper articles, Hansard and other places. A review of this material confirms that Harper had a vision for the future of the Colony as a predominantly agrarian society in which all settlers would prosper. He was particularly keen to ensure the agriculturalists were able to enjoy the fruits of their labour and the risks that they took and also to ensure that those of the poorer classes in the city were not disadvantaged by the activities of profit-seeking intermediaries. Although Harper was not averse to making a profit and was certainly a capitalist, he also saw the need for a longer term view and the creation of policies that would encourage honest people to undertake honest work for the benefit of the Colony into the future.

He believed that government should play a key role in achieving these objectives, and hence he may be described as a colonial socialist. He did, however, strive to deviate from the model of colonial socialist activities that were observed in the eastern colonies by insisting that a number of measures be put in place to restrict the abuses and failings that arise when government becomes heavily involved in the economy. He believed, in particular, that democratically-run co-

operatives could function as interposed entities and use local knowledge in order to reduce the misallocation of resources that often accompanies state activity.

Harper also rationalised the use of government funding and policy making on the basis of the need to build a more equitable society. The deployment of colonial socialist policies is often criticised in the literature on the basis that the cost of such government activities can be borne by the entire population while, usually, the benefits are enjoyed by a few (Butlin 1959, Boot 1998, Frost 2000). The evidence does not suggest that Harper considered this point. He did, however, rationalise the involvement of government in areas that were traditionally the province of the private sector on the grounds that it served the interests of the wider community and he was conscious that precious public resources needed careful husbanding.

Overall, Harper was driven by practical ideas and always kept his long-term goals in view. He was comfortable with the idea of using whatever resources were at hand, but was thoughtful in terms of how those resources should be deployed. This thoughtfulness extended to ensuring that what was intended was obtained, rather than whether a particular solution was philosophically acceptable. Like many of his contemporaries, he felt that any resources available should be deployed to establish and develop the economy as quickly as possible so that the population would, at some unknown future point, find itself in a position to consider the more subtle issues associated with economic thought. It is clear that Harper was not ideologically committed to colonial socialism but, rather, used it as a pragmatic means to promote the rapid settlement of Western Australia. Pragmatism once again was more important than idealism in driving his actions.

Chapter Five - Charles Harper, Countervailing Power and Co-operation

*“...they took for granted the local orthodoxy
that bringing land under cultivation
was the noblest work of man.”*

(Bolton 2008)

I. Introduction

Charles Harper's principal economic strategy was to establish agriculture as the primary driver of the Western Australia economy. As discussed in chapters three and four, he proposed that co-operatives and the state should combine to provide the capital and social infrastructure to enable a large number of settlers to exploit the large, low yielding geographical space. Capital and social infrastructure alone, however, were insufficient as the incomplete markets in the Western Australian frontier economy enabled merchants and middlemen to exploit their monopolistic power in such a way that the agriculturalists failed to gain an adequate return. Harper therefore also proposed that co-operatives and the state jointly develop what J. K. Galbraith (1952) would subsequently call “countervailing power”. Although Harper did not use the term countervailing power, he and his contemporaries were well aware of both the justification for the development of such power and its possible misuse by self-interested parties if it was not carefully implemented. Galbraith's idea of countervailing power is, therefore, not necessarily an anachronistic concept in this historical context and, if care is taken to highlight differences between the respective historical contexts, it provides a useful conceptual device for marshalling evidence relating to Harper's call for settlers to co-operate to enhance their bargaining power in agricultural markets.

In this chapter I explore the way in which Harper promoted co-operatives and state intervention as instruments to establish countervailing power in the markets for agricultural inputs and outputs. I show that he sought to use countervailing power to raise farm earnings, and thereby, attract settlers to, and retain settlers in, Western Australia. The chapter is itself divided into four sections. In section two, I review the history of and rationale for countervailing power via an analysis of Galbraith's thinking. In section three, I draw upon Galbraith's conceptual framework to shed light on Harper's proposal that co-operatives should be used to increase the bargaining power of settlers. I also show how Harper's vision diverged from Galbraith's, due in part to the different historical contexts faced by each. In section four, I provide concluding remarks.

II. J. K. Galbraith and Countervailing Power

Professor John Kenneth Galbraith¹ was born in 1908 at Iona Station, Ontario, Canada and died in 2006 after a long life as an economist, writer, diplomat, political advisor and political activist.² His father was a local liberal politician and farmer who also had some co-operative experience (Pratson 1978, Galbraith 1981, Parker 2005). The family was Baptist but not rigorously observant. They attended church only once a month, with the other Sundays devoted to entertaining friends at their home, when they discussed the issues of the day (Parker 2005 p. 27). Galbraith was awarded a PhD in agricultural economics from the University of California (Berkley) in 1934 and taught farm management, land economics, marketing and agricultural co-operation before obtaining a position at Harvard. It was from this institutional base that he was recruited to assist in the implementation of Franklin Delano Roosevelt's New Deal and later acted as a presidential advisor and commentator (Galbraith 1964, 1981, Parker 2005 p. 48, Gilchrist 2011). Galbraith was committed to social and economic reform throughout this career of service. He inherited his father's interest in social issues and agrarian ideals, and he was further radicalised by the agricultural malaise that he had personally witnessed in the late 1920s and 1930s as an agricultural economist. He thereafter retained a life-long interest in, and empathy with, the agricultural communities of Canada and the United States.

Galbraith gained first-hand experience of the plight of farmers when he was at Berkley, where he was required to teach vocational farm management courses and undertake research that entailed interviewing those farmers who had been hardest hit (Galbraith 1981, Parker 2005). Galbraith sought to find practical economic solutions to these agricultural problems rather than to rely on the traditional answers provided by orthodox economic theory. The development of the unconventional New Deal to solve the wider economic malaise was also significant in forming his more practical and realistic approach to economics. Galbraith himself stated that Karl Marx, A. Marshall, T. Veblen and, above all else, J. M. Keynes influenced his theoretical thinking and career progression (Pratson 1978, Galbraith 1981, Parker 2005). Galbraith was identified early as an unorthodox economist in academic circles.³

¹ See Pratson (1978), Galbraith (1981), Lamson (1991) and Parker (2005) for biographical details of Galbraith's life. See Galbraith (1964, 1969a, 1973a, 1998, 1999) for his own descriptions of various career highlights.

² During his career, Galbraith served at the Price Control Administration during World War Two, at Harvard as professor for most of his working life, as ambassador to India for the United States under President Kennedy, on many Democratic Party election campaigns, and as advisor to presidents and presidential hopefuls.

³ Pratson (1978 p. 25) describes Galbraith as having been a "suspect economist" for the unpopular Keynesian attitudes he held in his earlier years at Harvard. Galbraith (1981 p. 77) acknowledged his debt to Keynes and became "one of his acknowledged oracles". He also came to be called the "Crown Prince of 'Keynesianism'" by a

Of Galbraith's written contribution to economics and policy, there are four books that stand out.⁴ These are *American Capitalism: The Concept of Countervailing Power* (1952), *The New Industrial State* (1967), *The Affluent Society* (1969b [1958]) and *Economics and the Public Purpose* (1973b). In each of these works, Galbraith had a tendency to resort to a formula that seemed to resonate with the educated individual without formal economic training. Galbraith attempted to do two things: (1) to describe what was really happening in the economy and, in the process, debunk the mythologised descriptions of the workings of market economies perpetrated by the Republican/Conservative Right, and (2) to lay a foundation for a useful public policy response to that identified economic reality. For instance, his consideration of the idea of countervailing power—which is central to this chapter—is a description of how Galbraith saw the development of the market economy in the United States and the problems he foresaw if economic policy makers did not accept the reality of what was happening.

American Capitalism is the book in which Galbraith popularized his theory of countervailing power and hence it is of most interest in the context of this thesis.⁵ Galbraith describes the development of the US economy up to the 1950s to show how competitive industries in capitalist market economies tend to concentrate in such a way that the competing firms in each industry are consolidated into a few large firms with a number of minnow-sized satellites. He refers to the capacity of these oligopolistic firms to set prices and conditions as “original economic power”. He contends that buyers and/or sellers subject to this original economic power then naturally seek to check this power by consolidating themselves to create “countervailing power” (Galbraith 1952 p. 118). Thus, the first power begets the second power.

group of Harvard alumni who threatened to withdraw their financial support from the University unless Keynes' influence was removed from the economics program.

⁴ Galbraith was a prolific writer of both books and articles. His major books—aside from those focused upon in the text above—include *The Liberal Hour* (1963), *Money: Whence it Came, Where it Went* (1975), (with S. Menshikov) *Capitalism, Communism and Co-Existence* (1988), *The Essential Galbraith* (2001) and *The Great Crash 1929* (2009 [1975]). He also wrote fiction and the most critically acclaimed novel was *A Tenured Professor* (1990). His most famous contribution to television programming was “The Age of Uncertainty” (PBS and BBC 1977).

⁵ Although *American Capitalism* is the book that is of most relevance to this narrative, it should be noted that *The Affluent Society* was perhaps more influential and was by far the most successful in terms of sales. In this book, Galbraith argued, amongst other things, that the nature of the goods bought had changed in the twentieth century; consumers were engineered to have a preference to buy certain luxury goods; America was still defined by private affluence and public squalor; and a public investment policy should be undertaken to eliminate the inequalities that existed in the affluent society. Government deficit financing to maintain full employment was a life-long belief for Galbraith. For instance, he argued that “...the Federal Government, by unbalancing its budget, can help the man who needs a job to balance his budget” (Galbraith to President Kennedy 13th March 1959 in Galbraith 1999). It also should be noted that *The Great Crash 1929* was also influential because of the way it shaped the popular imagination regarding the Great Depression.

Galbraith (1981 p. 281) later described how countervailing power was “my principle pre-occupation” during the 1950s and, for him, the message of *American Capitalism* was as relevant when he was writing his autobiography in 1981 as it was in 1952 when the book was first published. He wrote:

Few of undogmatic mind can now doubt that, as capitalism develops, so also does the concentration of production. With this industrial concentration, the supply of alternative sellers and buyers diminishes or ceases to exist [and] there is a tacit understanding between the great firms as to what prices will be asked or paid (Galbraith, 1981 p. 281).

Galbraith’s historical dynamic of original power emerging and then begetting countervailing power is driven by the search for monopoly profits. As mentioned above, Galbraith argues that the consolidation process entails a movement toward an oligopolistic structure with an additional array of smaller firms meeting demand that the oligopolistic firms do not meet. The members of the oligopoly develop a tacit understanding not to adjust prices so as to avoid inducing other members into price wars and incurring a loss of profits, which is an outcome detrimental to all entities sharing the economic power. The collusive oligopoly that results thereby gains original economic power that is “analogous” to that possessed by a monopoly and “not different in consequence” (Galbraith 1952 p.116). The outcome of this consolidation process is therefore a breakdown in market competition, the development of collusive oligopolies that behave like monopolies, an opportunity for monopoly profits and/or inefficiencies, and a poor outcome for customers of, and suppliers to, these industries. The implication is that social welfare may improve if those arrayed against original economic power pursue their own interests by establishing countervailing power.

The monopolistic profits or inefficiencies that accompany the rise of original economic power are, in fact, pre-requisites for the establishment of countervailing power. This is because entities consolidate to develop countervailing power only if they can either access the super-profits or eliminate the inefficiencies by changing the terms of their relationship with the oligopoly. The members of the oligopoly confronted with this countervailing power will then either accept reduced profits or become more efficient. Thus, for Galbraith, the rule is that gains from countervailing power “could only occur where there is an exercise of original market power with which to contend” (1952 p. 125). In other words, countervailing power emerges only if there is a reward for an industry to aggregate to create original power and hence only if there is a reward to be shared amongst those contemplating the creation of this opposing power.

Examples of such countervailing power include independent supermarkets forming buying associations to combat the bargaining power of suppliers; labourers forming unions to extract higher real wages; and, most importantly for this thesis, farmers forming agricultural co-operatives to check the bargaining power of middlemen.

Countervailing power could not be described as an entirely original idea when Galbraith popularised it in the 1950s. He had indirectly drawn upon various intellectual movements that had been prominent from the mid-nineteenth century onwards. The most important of these movements was the imperfect and monopolistically competitive theories developed by Joan Robinson and E. H. Chamberlin in the 1930s, but many other precursors could also be cited.⁶ Even though Galbraith's "countervailing" framework was not as original as was once thought, it is indisputable that he made a considerable contribution to economic thinking by introducing new nomenclature and clarity to explain these ideas and, further, by synthesizing and popularising the associated vision through his lucid writing style.⁷

In addition to providing nomenclature, Galbraith's rendering of countervailing power was also unique in the way he employed it as an unorthodox policy response to the unavoidable nature of consolidation and original economic power. Specifically, the traditional economic view in the United States at the time, and dating from the anti-trust laws such as the *Sherman Act* of 1890, was that this consolidation represented a breakdown in competition that must be reversed rather than accepted as an economic reality. Galbraith (1952 Chapter 1), in contrast, believed that the conventional economic remedy of using legislation to break up oligopolies and monopolies was

⁶ From the 1870s onwards economists argued that the atomistic competition that governed Adam Smith's day had been replaced by capital-intensive monopolies and cartels (Moore 2003). The Victorian literature associated with the burgeoning co-operative and trade union movement is also littered with the proposition that small merchants, agriculturalists and labour should confederate to gain bargaining power (McVey 1898, Jossa 2005). Nascent neoclassical economists, from Antoine Augustin Cournot to F. Y. Edgeworth, also developed exchange theories that were relevant to the bilateral monopoly models that were developed in the early twentieth century. The latter were articulated by Alfred Marshall, A. L. Bowley, A. C. Pigou, K. Wicksell, E. Schneider, H. von Stackelberg, A. M. Henderson and W. H. Nicholls (Machlup and Taber 1960). Subsequent intellectual developments in the twentieth century, especially the revolutions in imperfect and monopolistic competition mentioned in the text above, also patently fed into Galbraith's (but obviously not Harper's) vision. Some of the early reviewers of Galbraith's publications noted even more recent anticipators. Adams (1953 p. 470), for example, noted that J. M. Clark (1940) had predated Galbraith by considering workable competition and E. S. Mason (1949) had predated Galbraith in his discussion of the need for aggregation in industry. Galbraith himself acknowledged publications that shaped his theory of countervailing power, particularly Joseph Schumpeter's *Capitalism, Socialism and Democracy* (1942).

⁷ Harper was also not an original economic thinker. He had neither the capacity nor the predilection to articulate a theory of countervailing power to the same degree as Galbraith, and he was influenced by the less sophisticated co-operative and Christian socialist movements rather than any high theory. His originality was more at the policy level of implementing countervailing power as a pragmatic solution to a frontier problem.

ineffective due to the time and expense taken to pursue them and the inevitability of consolidation itself. That is, policy makers were pushing against the tide with the same results as Caligula's attack on the English Channel—the attack took a toll in manpower and treasure, but really only made ideologues feel as if they had done something. Galbraith, in short, believed that the creation of countervailing power was a superior alternative policy to that of pushing against the tide:

Where competition failed [as a result of the creation of original economic power], the neoclassical response was to say that the market concentration that allowed of control of prices should be reversed and competition re-established. Monopoly and oligopoly, where they could not be overlooked, were impermissible. *Liturgically*, this remains the response (Galbraith 1981 p. 282 [my italics]).

The use of the term “liturgically” by Galbraith is a very important and well-chosen one. He saw—as far back as his early days at Harvard during the Great Depression—that free market economists were misleading themselves about the limited extent of this type of market failure and were over-confident in judging the degree to which legislation could reverse the few instances when markets had consolidated. He argued, and from 1952 very publicly, that economists need to honestly consider what the evidence is telling them and then construct policy based on this reality. They should not dogmatically pursue an ideology that is based on an industry structure that no longer existed. In other words, the competitive paradigm that dated from the time of Adam Smith and which “has been viewed as the autonomous regulator of economic activity and as the only available regulatory mechanism apart from the state” had been superseded (Galbraith 1952 p. 119). The Sherman-era anti-trust laws were similarly described as “the ultimate triumph of hope over experience” (Galbraith 1981 p. 282). Galbraith later summed up his reality-driven approach in his biography:

To look at the world as it exists is often an informative thing. From trying to do so, I had come to believe that the problem of corporate [economic] power was solved in practice not by dispersing it but by creating another, opposing and thus annulling position of power (Galbraith 1981 p. 282).⁸

Galbraith further argued that many of his contemporaries could not design suitable policies even when they recognised the reality of concentrated industries. They sought instead to reverse the

⁸ It should be noted that Galbraith extended this argument in his *New Industrial State* (1967). He there argued that original economic power was necessary because advancing technology required greater investment in innovation and development. This led to a greater lead time from the development of products to their eventual appearance before consumers, which, in turn, heightened the level of risk in the production process. Producers therefore required greater control of the market, via concentration, before they were induced to undertake a long term investment in a new product which would likely have positive social implications as well.

tendency towards industry concentration because they were beholden to the self-regulating price mechanism of the orthodox competitive model as the means by which to eliminate super-normal profit. Within this framework, firms that gain abnormal profits are eventually restrained because incumbent competitors and new entrants take advantage of an increase in price, a reduction in quality or quantity, or some combination thereof, and take clients away from the renegade firm. The trouble with this approach is that economists rely on the supply side of the market exclusively to compete away these profits. “It was the eagerness of competitors to sell, not the complaints of buyers that saved the latter from spoliation” (Galbraith 1952 p. 117). To Galbraith (1952 p. 119), the idea of countervailing power described the situation more fully. Its creation provided both a mechanism to ensure better outcomes for the consumer and also an opportunity for all within a supply chain to enjoy a share of the “reward in the form of the gains from their opponent’s market power”. Indeed, the inevitability of the creation of countervailing power arose hand-in-hand with the creation of original market power since “[it] creates an incentive to the organisation of another position of power that neutralizes it” (1952 p. 119).

It needs to be emphasised that Galbraith accepted that there are still instances where markets are effectively regulated by competition. True to his conviction that economists must look at what is happening in the market before seeking to construct policy, he believed that it was appropriate to leave the market free in such circumstances. Galbraith also indicated that the powerless group needed to have the physical and legal capacity to aggregate before countervailing power could be created. He identified a number of instances where countervailing power could not be developed due to the inability of actors to come together.⁹ Galbraith also cited inflationary periods (1952 p. 143) and products for which demand is inelastic (1952 pp. 136–139) as situations where countervailing power would not be appropriate even if consolidation had occurred. The policy implication of pondering these exceptional scenarios is that government should assist agents to establish countervailing power when the agents could not manage to organise themselves and the market conditions warranted it (1952 p. 133, 1954 p.2). He believed that government action of this nature had already proven its worth in specific historical episodes, notwithstanding the extent of received wisdom that markets should be left to themselves by government:

⁹ Galbraith (1952 pp. 130–133) indicates that, notwithstanding the fact that limited monopolistic profits were sometimes available to farmers, the development of countervailing power by farm workers could be prevented due to their very dispersed locations and poor communications. Galbraith reinforces this example by referring to a number of instances where farmers were enjoying the rewards of aggregation and farm labourers were able to develop countervailing power due to their proximity to each other.

Without the phenomenon itself being fully recognised, the provision of state assistance to the development of countervailing power has become a major function of government—perhaps the major domestic function of government (Galbraith 1952 p. 133).

The relevance of Galbraith's dynamic of original power begetting countervailing power to a thesis devoted to co-operation within the agricultural sector is to some extent self-evident. Galbraith himself believed that the need to build countervailing power was just as relevant to agricultural industries as it was to mining industries and, indeed, he devotes chapter eleven of *American Capitalism* to the analysis of countervailing power in agriculture. He also argued that co-operatives were a means by which to build countervailing power and cites the Co-operative Wholesale Society (CWS) in England as an example. He added, however, that co-operatives were not necessarily the only way to engineer countervailing power. Consumer co-operatives of the CWS sort did not, for example, develop in the United States because of the development of countervailing power by the independent supermarket chains. Taking a characteristic and somewhat acerbic stance against ideologues, Galbraith claimed that "...lost on the devotees of the theology of co-operation, is the fact that the chain stores are approximately as efficient in the exercise of countervailing power as a co-operative would be" (1952 p. 132).

He nonetheless supported the establishment of co-operatives in the agricultural sector as a means by which to engineer countervailing power. Farmers experienced poor returns, they were individually immaterial to the market as a whole, and were subject to the original economic power held by both buyers of their produce and sellers of their inputs. Specifically, suppliers of fertilizer, equipment and other inputs charge excessively high prices, while middlemen who buy their produce offer unacceptably low prices and then sell at much higher rates to consumers. Galbraith therefore believed that the only real options for farmers were for them either to create countervailing power or to lobby the government to dismantle the original market power via regulation. Although farmers initially sought to pursue the latter policy of regulating the original market power, they quickly came to realise that the development of countervailing power was the only response that would be effective (1952 pp. 160–165). Therefore, in creating co-operatives, farmers sought to "...replace individual purchase and sale with group purchase and sale" (1952 p. 165). They allowed for any number of farmers to join, and they were democratically operated.

Galbraith added, however, that agricultural co-operatives would always struggle to generate sufficient countervailing power without government assistance. He witnessed first-hand the ineffectiveness of farmers taking action to defend their interests during the Great Depression, and on this basis concluded that farmers lacked economic power because they could not properly aggregate into co-operatives to generate countervailing power. These difficulties included the inability to compel farmers of a particular sector or locality to join the co-operative, the ability of renegade producers to enjoy the benefits of co-operation when it suited them and then opt out when they liked (thus creating super-normal profits for recalcitrants), and the inability of co-operatives to control their members' production and the timing of sales (Galbraith 1952 pp. 166-7). It was for these reasons that voluntary co-operatives struggled and, "by remarkably direct steps", that the United States' federal government turned to its agricultural programs of the thirties (Galbraith 1952 p. 167).

He supports this assertion by citing the various legislative measures that were implemented in the United States to support the creation and maintenance of countervailing power in agricultural markets. He highlighted, in particular, the schemes sponsored by President Herbert Hoover in the late 1920s. These included the establishment of the Federal Farm Board in 1929, which was responsible for the sponsorship and capitalisation of a national system of farmers' co-operatives (1952 pp. 167-168), and the United States' *Agricultural Marketing Act* of 1929 (1952 pp. 143-145 and pp. 160-161, see also chapter eleven). The latter initiative failed to generate adequate countervailing power because farmers could gain by joining or leaving the co-operative depending on their personal best interests at the time. The *Agricultural Adjustment Act* of 1933 that was sponsored by President Roosevelt therefore included a provision that imposed a tax on the sales of both conforming and non-conforming farmers. The conforming farmers then received a return equal to the sum of the taxes they paid and a proportion of the non-conformists' taxes, and hence the non-conforming farmers were penalised for not participating in the co-operative enterprise. This arrangement was declared unconstitutional by the Supreme Court in 1936, but its effect was maintained by replacing the tax with a subsidy that was paid directly by the US Treasury to the conforming farmers (Galbraith 1952 pp. 167-168).

Thus, Galbraith believed that government sponsored co-operation was the best means by which to build countervailing power. Farmers could enjoy fair returns for their investment and efforts, while their produce was sold at a price that was not too steep for consumers. Having stated this,

Galbraith confirmed in his 1981 biography that government support should only be provided when the “...requisite annulling of economic power was too difficult to achieve...” (1981 p. 282). This was the case for farmers, who, with government assisted co-operation, could harvest some of the gains originally enjoyed by the middlemen, speculators, wholesalers and supermarkets that wielded the original economic power. Similarly, they reduced monopolistic operational inefficiencies by forcing those firms holding original economic power to reduce costs. He did not, however, believe in forming co-operative organisations in the agricultural sector where there was no original economic power in existence. Galbraith (1952 p. 122) cited the relationship between farmers and farm workers as an example where there was no reason to build countervailing power. Farmers were so poor that they were not able to garner super-normal profits or remain inefficient, and hence there was no capacity for unionised farm workers to increase their incomes by accessing part of the farmers’ income via the development of countervailing power.

III. Charles Harper’s Version of Countervailing Power

Harper, like Galbraith, adopted a realistic and pragmatic approach to economic policy formation. His goals were, however, slightly different from Galbraith’s. He sought rapid population and economic growth in an under-developed region by settling more agriculturalists on a large landmass. This goal, in turn, was motivated by a belief that economic security and long-term prosperity would be achieved by gaining self-sufficiency in foodstuffs and, eventually, becoming an exporter of such items (see, for instance, *The West Australian* 27th January 1894 p.7). Harper’s promotion of countervailing power was therefore driven more by the goal of settling the land on the frontier quickly by ensuring that settlers gained an adequate return for their efforts, and less by the goal of achieving a just outcome by redistributing the spoils earned in agriculture. The latter goal was still relevant to Harper, but more as a means to another end. Harper was also obviously faced with different economic conditions than those faced by Galbraith. He wished to generate countervailing power not to oppose original economic power arising from recently consolidated industries in a developed economy, but to oppose the original economic power that often naturally arises when a few merchants dominate the incomplete markets of a frontier economy.

Harper believed that one of the main obstacles to agricultural-led economic and population growth was the original economic power of the merchants. They were the enemies of economic

growth because they were able to set terms of trade that the isolated agriculturalists could not reject due to their inability to transport the produce to alternative markets and their lack of financial capital to cover farm costs between seasons. These merchants also had the capacity to set prices that consumers in Perth and other townships had little choice but to pay. Harper felt strongly that the agriculturalist would receive a fair return and the consumer would be charged a fair price if the monopoly profits earned by the merchants were redistributed. This, in turn, would result in the higher standard of living that was required to achieve the desired level of migration to Western Australia. These subtle differences in the goals and environment need to be emphasised to ensure Galbraith's concept of countervailing power is not used to explain Harper's way of thinking in a mechanical, anachronistic and historiographical fashion.

Harper's policy of using countervailing power as an instrument to support population growth and rapid agricultural settlement also included a large role for the state. Like Galbraith, Harper believed that co-operatives may fail to generate sufficient countervailing power to challenge the original economic power of the merchants. In such situations he believed that the state should directly and indirectly subsidise co-operatives so that they could generate a sufficient amount of countervailing power. If co-operatives failed to generate a sufficient amount of countervailing even with these state subsidies, he believed that the state should destroy the original economic power directly by establishing state monopolies or imposing regulations. These features of Harper's co-operative vision are considered in three sub-sections. In sub-section one, I establish that Harper's goal was to establish state-sponsored co-operatives to generate countervailing power. In sub-section two, I show that he sought to construct countervailing power in this way to maintain a standard of living sufficient to attract settlers to Western Australia. In sub-section three, I demonstrate that Harper supported government monopolies and regulations if co-operatives could not generate a sufficient level of countervailing power to ensure the quality and fair price of agricultural inputs and outputs.

(i) Co-operative-based Countervailing Power and Government Financial and Legislative Support

Numerous contemporaries of Harper commented on the way that the monopolistic merchants set trading terms that reduced the earnings of the agriculturalists. Often these views were articulated in theatrical terms. For instance, in its editorial of June 1909, *The Farmer* described the contracts struck between middlemen and farmers as amounting to an "unholy alliance". Harper's narratives were, by contrast, always measured and, by the standards of the economic

discourse in the Western Third at this time, more sophisticated. Harper believed that co-operatives should be the chief means by which to build and use countervailing power. He also believed that the state should support co-operatives to create this power both directly and indirectly, but, as demonstrated in the previous chapter, he was always clear that he did not consider open-ended and unrestricted government support to be a panacea. He was keen to allocate responsibility to the individual where he believed it was possible for him or her to take that responsibility and, when this was not possible, he believed that individuals should form democratically managed co-operatives to look after their interests. Harper felt that those elected by the members of their own community had a strong interest in the outcome and were prepared to work hard as they had offered themselves up for election (WAPP A4 (v. 2) 1897 pp. 110-114). The state, in short, should play a role in ensuring that the necessary countervailing power existed, but they should achieve this, in the first instance, by enabling co-operatives to flourish.

Harper used the Royal Commission into Immigration in 1905 as a platform to emphasise the way in which co-operatives could be used to engineer countervailing power. He described a number of examples where co-operatives challenged the monopoly power of local and international merchants, and resolved problems associated with the costs of transportation, marketing and grain storage. He specifically made reference to the contribution made by the Western Australian Producers Co-operative Union (WAPP 17 (v. 2) 1905 pp. 38 - 39), which, as mentioned in previous chapters, was the product of his own prodigious effort and financial support, and gave rise to the important co-operative ventures of Wesfarmers and CBH in the 1920s. He added that the state control of the harbours and railways, the government policy of “fostering the export trade” and the work of the Producers Union, collectively constituted a unique opportunity for farmers (WAPP 17 (n. 2) 1905 p. 40). In the process of making these claims, Harper referred to the natural proclivity of merchants to come together to build original economic power and directly addressed his belief that co-operatives should be used as a foil against that original economic power. In his words:

Trusts or combines established for the elimination of competition in trade are frequently denounced as devices for securing tyrannous control over prices. If traders aim at this by combination, producers may defeat them by co-operation (WAPP 17 (v. 2) 1905).

Harper returned to the way in which co-operatives could be used to create countervailing power in a letter to the State legislature in 1909 three years before his death. The letter was forwarded to Parliament via W. J. Butcher, member of the Legislative Assembly for the Gascoyne. It

constituted a comprehensive, and perhaps the most mature, statement regarding Harper's position on co-operation. First and foremost, he believed that the government should make a clear and unequivocal statement in support of co-operation so that farmers would be enticed to join co-operatives and remain members (HFP 1973A/8). He also thought that the government should enact suitable legislation to promote co-operative bodies, and thereby boost economic growth, expand the agricultural sector and enhance the reward for people on the land (HFP 1973A/8). He based his call for government support on the fact that co-operative enterprise organisations, such as commercial multi-national corporations and local unions, possessed original economic power (although he obviously did not use this Galbraithian expression explicitly). He added that co-operation is therefore a natural state towards which farmers must also move as they are required to submit to the economic power generated by those groups that have already effectively co-operated (that is, by forming commercial corporations and trusts). It is worth quoting this correspondence at some length as it is critical to gaining an understanding of Harper's mature view:

I would point out that every form of combination from the huge world-wide trusts to the smallest local labour union are based on co-operation, each section uniting for the purpose of benefiting his own particular interest. In consequence of the difficulties in the way of agriculturalists...organising their forces they are called upon to submit to the effects of combination among others without...being able to combine for their own mutual interests of defence (HFP 1973A/8).

In the same letter, he joined the personal interests of individual agriculturalists to the interests of the State by identifying what he saw as the natural connection between the two:

A considerable drag is placed upon the agricultural progress of the state through the inability of the workers [by which he meant farmers] on the land to obtain the full legitimate returns from their labour (HFP 1973A/8).

Harper demonstrated his point by using an example that would resonate with local agricultural interests. Specifically, he noted that mercantile and shipping merchants were able to decide when and how much grain came onto the wharf at Fremantle for transport to distant markets. These mercantile groupings were able to ensure that their interests were protected by collaboration. This co-operation resulted in farmers failing to gain a just reward for their labour and capital because they could not hold out for better prices or access an alternative method of getting their grain to market (HFP 1973A/8). Harper's view was that the failure to obtain a just reward then translated into reduced immigration because prospective immigrants and incumbent settlers compared their prospects with other settlement destinations. A poor standard of living

would drive the settler off the land, retard the strategy of developing agriculture as a lead economic sector, and derail the policy of rapid economic growth.

It must also be emphasised that Harper believed that co-operatives would wield countervailing power more effectively than other entities, particularly a government entity. This is partly because co-operation not only allowed producers to avoid capitalist rings (Hansard Vol. XXIII 1903 p. 237) by the creation of countervailing power, but also reduced the moral hazard that Harper associated with too much direct government support. Co-operation seemed to Harper to represent the best of all available worlds. It placed the farmers in charge of their own destinies, it ensured joint responsibility was taken by all producers, and it provided an interposed entity between government and the farmers. His support for co-operative entities as the means by which to achieve countervailing power also met the ideological requirements of the day, since it kept government involvement to a minimum, ensured government support was not provided directly to those participating in an industry, and gave the participants responsibility for mutual support and self-determination.

Harper insisted that if the government expressed support, provided funding and introduced legislation to enable co-operatives to be established, then the State would be able both to overcome its reliance on mining and to settle the transient miners in a more stable economy, based on agricultural self-sufficiency. Harper thought that the government's role in improving the farmers' standard of living—a pre-requisite for developing and maintaining the necessary immigration—included supporting co-operatives in their quest to have a say in the transport of produce to markets (local and international) and the disposal of their produce.

(ii) Maintaining and Improving the Standard of Living

Harper's chief goal in supporting countervailing power was to establish a standard living for a typical settler family in regional Western Australia that would be sufficient to attract, and then retain, still more immigrants to the region. Harper, therefore, did not possess a socialist intent when he demanded a fair return for the man on the land. Nor was he a radical social democrat, like Galbraith, who believed that countervailing power was a means by which to achieve a distribution of income that was more aligned with an egalitarian conception of social justice. Harper's countervailing power was, instead, a mere instrument with which to achieve economic development. There is, of course, no doubt he felt strongly that, ultimately, economic development would lead to the betterment of all. There is also, no doubt, that he consistently

spoke in the public arena on certain social issues, such as the implications of rising consumer prices for those classes that were less able to look after their own interests.¹⁰ But these were always attendant or secondary issues, and even his commentary on social problems, such as the high cost of the average standard of living, were often made during the ubiquitous and constant debates pertaining to the perennial issue of increasing net migration into Western Australia.

Harper's belief in the need for rapid immigration is best reflected in his activities as chair for the 1905 Royal Commission on Immigration. Harper insisted that the report subsequently published in the Parliamentary Papers (WAPP No. 17 1905) include a significant amount of information pertaining to the suitability of Western Australia for settlement. Always a man of scientific bent, this information included statistics comparing Western Australia's standard of living favourably with that of Canada and was accompanied by a strongly worded argument that Western Australia was a much more attractive destination for migrating farmers. Citing individual gross earnings, the report indicated that Western Australians were on average better off by £158 and 15 shillings per annum compared to their Canadian counterparts. The issue of income disparity was further emphasised by identifying that not only did Canadians earn comparatively less than Western Australians, the Canadians also had to spend their incomes on protection from the excessive cold, including the purchase of fuel, appropriate clothing and food (WAPP A17 v. 2 1905 p. 15). The report was, in truth, written as an advertisement for immigration.

Thus, Harper's call for the use of countervailing power against middlemen was driven by a competitive scramble for people and designed to draw immigrants away from other prospective destinations, including eastern Australia, New Zealand, Canada and the United States. The maintenance and enhancement of a competitive advantage in living standards was, in Harper's mind, so fundamentally important that he believed it should be supported by a proactive government policy aimed at displacing middlemen and merchants in favour of agriculturalists who were unable to build countervailing power without government support. Indeed, even though Harper believed that the government should build countervailing power predominantly by supporting the establishment of interposed entities, he also believed that the government should resort to other measures if co-operatives were unable to achieve this end. The way that

¹⁰ For instance, see his speech in Parliament where he spoke on the topic of cheap meat for Perth residents (Hansard Vol. XXIII 1903 p. 237).

the state could be pressed into building countervailing power or checking original economic power by some other means is the subject of the next section.

(iii) Government Monopolies and Government Legislative Support for Industry

Government assistance to combat original economic power took many forms. These included simple statements of support (HFP 1973A/8); the provision of public funds, guarantees and other banking arrangements (for instance, the provision of wholesale funds for on-lending via an interposed entity); the enactment of regulations, policies and enabling legislation which shifted the risk and financial strain from the agriculturalists to the investor; and, as a last resort, the establishment of government monopolies. The most appropriate form of assistance also altered according to the need identified and, within the context of appropriate constraints designed to mitigate the moral hazard associated with such devices, the speed with which positive change was sought. Such assistance was invariably designed to build countervailing power via co-operatives, but when this was not possible, Harper's pragmatic attitude dictated that the middleman should be defeated by any means that worked. This sometimes included a policy of destroying the original economic power directly. His will to act in this direction is perhaps best seen when, speaking in the Legislative Assembly in 1902, he stated that a combination of businessmen had raised wood prices to local consumers and, for this reason, he called upon the government to take possession of waste timber and sell it in Perth with a view to keeping prices down (Hansard 1902 p. 327).

A more substantial illustration of Harper's willingness to use the state to check original economic power is seen in his support for the establishment of a government monopoly in the fertiliser industry. This monopoly was briefly considered in chapter four above, but is reconsidered here in relation to capital formation as a means to keep prices down for the agriculturalists rather than in relation to capital formation *per se*. Harper, addressing the Select Committee into the Working of the Agricultural Bank (WAPP A33 (v. 4) 1901-02), stated that the government alone had the financial and legislative capacity to establish fertiliser manufacturing in Western Australia and that a fertiliser works should be established as a government monopoly. In other words, he believed that co-operatives could not achieve the same outcome for want of resources. This state-owned fertiliser monopoly would ensure bone dust and superphosphate were available to farmers at an appropriate price and quality, and on terms that would allow them to preserve their working capital. The implication of this line of reasoning is that the government was both the only entity with the capacity to raise the capital

necessary and the only entity that could be trusted to treat farmers fairly in the sale of the product.

Ultimately, in the face of opposition from some of his fellow committee members, Harper indicated that he was prepared to forego the idea of a government monopoly if, instead of monopolising the industry itself, the state legislated measures designed to regulate the price of fertiliser. G. Throssell, a fellow committee member, agreed that such a move would not be “spoon feeding farmers but protecting them from the commercial man who wants to make too much profit” (WAPP A33 (v. 4) 1901-02 pp. 809-814). In other words, the use of government support, in the form of regulation, was acceptable as it checked the original economic power of middlemen. Once it was decided that the government ought not to have a monopoly itself, Harper also proposed that the state provide resources for the establishment of co-operative monopolies in the fertiliser industry (WAPP A17 (v. 2) 1905). He suggested that such a co-operative venture might include the manufacture of a suitable fertiliser from raw materials to be found on the Abrohlos Islands (WAPP A17 (v. 2) 1905 p. 33).

IV. Concluding Remarks

Harper believed that the monopolistic merchants that tend to dominate the thin frontier markets of a colony were exploiting their original economic power in a way that retarded growth in Western Australia. He argued that co-operatives were the best means by which to generate countervailing power to maintain fair input and output prices for farmers, and thereby to improve the standard of living in order to increase immigration and settlement. He also argued that the state should, where possible, provide resources to the co-operatives so that they could achieve this desired level of countervailing power. It was, however, a short step from using the state to combat original economic power by subsidising co-operatives to using the state to combat original economic power by more direct means. Harper supported more direct state action to check the original economic power of merchants only if co-operatives failed in this endeavor. He was willing to use any instrument in a pragmatic way to attract settlers to Western Australia. This would open up land and extend markets; the goal of self-sufficiency and an economically strong and stable Western Australia would be brought closer.

Chapter Six - A Step Too Far: Charles Harper's Legacy and Economic Development to 1930

*"Socialism in our time, or
the capitalistic state! Why do Visionaries
struggle for an objective which is
practically realised?"*

*"Politicus", The West Australian
26th July 1921*

I. Introduction

Charles Harper's contribution to economic development in Western Australia was felt long after he died in 1912. One of his most important legacies was his first born son, Charles Walter Harper (1880 - 1956), who was more commonly known as Walter Harper. He inherited his father's passion for co-operatives, was well known in agricultural co-operation circles and, even before his father's death, was a director of the Producers Markets Ltd and the Fruitgrowers Association (Sandford 1955 p. 29, Thompson 2014 pp. 17-18). Walter Harper subsequently played a leading role in establishing Wesfarmers and subsequently served on its board for 31 years (Thompson 2014 p. 15). As the eldest sibling, he also inherited the family home of Woodbridge, where he carried on his father's interest in experimental farming and innovative agricultural schemes (Smith 1983). Indeed, he emulated his father in every respect save in the arena of politics, which he avoided following his experience chairing the 1924/25 Royal Commission into the Group Settlement Scheme (Smith 1983). The trajectory of Walter Harper's career and the contribution he made—both in terms of style and outcome—may therefore be interpreted as a variation of the professional path taken by his father (Shann 1925).

It is my contention, however, that an equally important legacy left by Charles Harper was the co-operative template that was to be employed in Western Australian in the decades that followed his death. Walter Harper's important role in building co-operative infrastructure after 1912 should not be underestimated, but there were many leaders of the co-operative movement with similar records of service to co-operation after this date and his contribution should certainly not overshadow the great work in the co-operative field done by his father. Thus, rather than confine myself to recounting the life of the son, my focus in this chapter is to review the ideological and practical legacy left by Charles Harper by examining the development of the co-operative

tradition in Western Australia from his death in 1912 to the full onset of the Great Depression in 1930. This time frame is justified on the grounds that Charles Harper had successfully overseen the early teething problems associated with co-operation in Western Australia by 1912 and, following some early struggles with merchant interests, the co-operative infrastructure had emerged fully formed by 1930 (Glynn 1975 p. 116).¹

The chapter is divided into six sections. In section two, I provide an overview of the general economic development trajectory of Western Australia from 1912 to 1930. This brief historical narrative is designed to show how Harper's strategy of expanding the agricultural sector by promoting the state-sponsored co-operatives and government intervention more generally was distorted in the 1920s in a way that partly exacerbated the effects of the Great Depression. In sections three, four and five, I examine briefly the role of pragmatic co-operation, the place of colonial socialism and the building of countervailing power respectively in the period from Harper's death until 1930. In section six, I provide some concluding remarks both for this chapter and the thesis as a whole.

II. The Western Australian Economy: 1912-1930

The Western Australian economy grew significantly after the successive gold discoveries of the late 1880s and early 1890s. Government policy was thereafter devoted to establishing alternative industries to maintain economic development after the goldfields had been fully exploited. Agriculture rather than manufacturing was chosen as the sector to lead economic growth partly because the colonial elite who were making these policy decisions had a background in farming and partly because Western Australia could not compete with the manufacturing industries that were already established in the eastern colonies (Davison 1978). The protectionist policies of the newly federated Australian states discriminated against Western Australians for pursuing this agriculture-led growth policy by ensuring that the protective tariffs made manufactured agricultural inputs more expensive in Western Australia. Snooks (1974 p. 4) estimated that this increased expense added approximately 9% to the cost of production for Western Australian farmers with no offsetting advantage in the broader local economy. This state of affairs explains

¹ Given the opportunity for confusion to be generated because of their shared surname, I have used Charles Harper's and Walter Harper's full names throughout this chapter.

why Western Australian decision makers remained committed to free trade throughout the protectionist era ushered in by the Federation Settlement. The policy of favouring the agricultural sector none the less gave rise to a wheat staple to replace the gold staple, but this outcome was achieved at great cost, especially between the wars. Agriculture remained of primary importance to the Western Australian economy until at least the mid-1960s (Parker and Yeow 1966).

The development of the Western Australian agricultural sector between 1912 and 1930 may be broken into two distinct phases. The first phase took place during the Great War and through to 1919 and was characterised by extended difficulties and a deepening of government involvement in the sector. Drought in 1911 and again in 1914/15 combined with the effects of the Great War to place agriculture under considerable pressure (Glynn 1975, Zekulich 1997 pp. 6-7). The drought's effects were exacerbated due to the marginal nature of some of the land that been alienated in the headlong drive to increase the area cultivated. Although the 1911 drought has since been identified as a major setback, this was not recognised at the time because it followed a period of sustained growth and optimism continued to run high. The effects of the 1914/15 drought, by contrast, could not be overlooked. It reduced the wheat crop from 13 million bushels in the previous year to 2.5 million bushels (that is, an 80% reduction in production) and income dropped considerably. Indeed, the crop was so poor that wheat had to be imported from Argentina to meet local demand, much to the chagrin of politicians and agriculturalists alike (Zekulich 1997 p. 7). Further pressures were placed upon wheat farmers once labour became scarce following voluntary enlistment for the war; war-time inflation caused input costs to increase; and overseas markets became inaccessible when the enemies of the British Empire refused entry to Australian produce and as sea transport became more precarious (Sandford 1955 p. 34, Crowley 1960 p. 175, Glynn 1975 p. 113).

The collapse in the gold price immediately after the war both exacerbated these economic difficulties for the region and induced the government to place even greater emphasis on the need for agricultural expansion (*The West Australian* 26th July 1921). Gold production also fell by 50% between 1915 and 1922 (Glynn 1975 p. 120). This magnified the reduction in receipts and contrasted with the experience of the gold industry in the eastern states, especially in Victoria, where the fall in the gold price was followed by an increase in output (Shann 1925 p.

78). The simultaneous fall in gold production and prices also left government in the position of having lost considerable capital value, since about one third of its railways served the goldfields. This capital loss was an unrecognised foretaste of capital losses to be incurred after 1928 following the collapse of agricultural prices in the late 1920s. The malaise in the gold industry also exacerbated unemployment, which was high after the war (Bolton 1994, Devenish 2014).

From the commencement of the Great War these difficulties prompted the government to implement a number of policies that increased government involvement in the economy. At home, the State government introduced some price controls and compulsory wheat pooling (Glynn 1975, Zekulich 1997). The State government also implemented nationally agreed compulsory purchase schemes (Crowley 1960), while, at the national level, the Commonwealth government established price controls for most items. At the international level, the Imperial War Purchase Scheme ensured that wool growers received a fixed price. Such policies reinforced in people's minds that governments had an active role to play in price control and economic development. These war-time problems, poor economic conditions after the war, and government emergency responses also prompted struggling agents once again to turn to co-operation, in addition to the state, as a means by which to overcome their travails. The establishment of Wesfarmers, the Voluntary Wheat Pool, and Co-operative Bulk Handling (CBH) are important examples of such co-operative enterprises. The way in which the compulsory wheat pools were taken over by the co-operators via a tender process was particularly important for entrenching the co-operative economic system in Western Australia. This is discussed in detail in section three below.

The second phase in agricultural development from 1919 to 1930 was characterized by optimism, if not unrestrained hubris, in the capacity of the state to mobilise resources to open up land. Crowley (1960 p. 199) identifies the period 1920 to 1929 as the "hectic twenties", Glynn (1975 p. 108) contends that the period from 1919 to 1931 more accurately encapsulates the second phase of economic change, while Snooks (1974 p. 6) believes that the season of 1927/28 broke a period of sustained growth and optimism that commenced in 1919. Whatever the appropriate cut-off between boom and bust, the growth that characterised the decade or so after 1919 was followed by a bust that was exacerbated by an ill-conceived policy to put numerous

settlers on the land quickly. This poorly designed high-growth strategy was supported by all Western Australian governments in the 1920s. In many ways it resembled Charles Harper's earlier policy of rapid growth via state socialist and pragmatic co-operative activities, but a key difference was that it did not incorporate the appropriate checks and balances that he required in order to prevent the misallocation of State funds. Specifically, the State accumulated excessive debt to fund largely unskilled migrants to settle on increasingly marginal land on the presumption that agricultural prices, and hence the regional terms of trade, would remain high. There was insufficient oversight from interposed co-operative entities to ensure that the right combination of settlers, capital and land was deployed, even though co-operators obviously played an important role in the expansion. Ed Shann (1927), the professor of economics and history at the University of Western Australia, correctly predicted that eventually the terms of trade would decline, the farmers would walk off the land, and the London financiers would cease to advance loans to finance state activity.

Initially, however, the ambitious policy of developing the agricultural sector seemed to be successful. By 1927/28 Western Australia exported more wheat than any other state and in 1931 a production record was achieved that was not bettered until 1961 (Glynn 1975 p. 132). Between the 1919/20 season and the 1924/25 season, wheat production expanded from 11 million bushels to 24 million (Crowley 1960 p. 203). Additionally, the sheep flock grew from 2.5 million head in 1917 to 5 million head in 1929. The agricultural sector expanded throughout the period until, by 1930, there were some 10,000 farmers growing enough wheat to feed 10 million people for one year (Sandford 1955 p. 18). In more general terms, State GDP increased by over 24% between 1923/24 and 1927/28 and income grew by 10% *per capita* during the same period (Crowley 1960 p. 6). Unfortunately, however, this early apparent success and the superior performance of the Western Australian economy compared to those of eastern Australia fuelled a general state of euphoria that, over the same period, led to increasingly lax planning in the outlay of public investment.

By 1930 it was evident that the policy of public capital formation and state subsidies for settlers in the agricultural districts had failed. Many of the farmers lacked the necessary skills, they were in debt via cheap loans that were subsidised by the state, and their low-yielding land required

agricultural prices to remain high to cover the high costs of production. The ambitious planners in Perth had also failed to consider fully the environmental problems that the settlers faced, such as the emergence of salt plains and rapid soil degradation. The group settlement scheme in the South West—the problems of which had been identified as early as 1925 (*The West Australian* 29th July 1925)—and the 3,500 farm scheme (*The West Australian* 30th May 1929 and 24th February 1930, Bolton 1994 p. 54) in the wheatbelt were two state-sponsored projects that particularly failed to prosper. Private capital formation consequently failed to keep pace with state capital formation (Glynn 1975 p. 120) and, as a result, the government public goods built at great cost serviced only thinly populated farming districts. The revenue earned by the farmers was also now clearly insufficient to service the government debt incurred in building the capital infrastructure and providing the subsidies (Shann 1925 p. 78). To some extent the problems of distance and the costs of inputs were still mitigated by co-operative associationism, while the high cost of the transport of produce was relieved by government subsidised rail services (Sandford 1955 pp. 16-17). But, ultimately, the agricultural sector began to suffer when agricultural prices began to slide in 1928, and collapsed totally by 1930. The State also had to retrench activity after the London financial markets cut off funding, as Shann had predicted in 1927.

These overly ambitious policies entailed using State funds and co-operatives in tandem to achieve rapid growth. As mentioned above, this was similar to Charles Harper's vision, but with the key difference being that the policies of the 1920s failed to include sufficient checks and balances needed to prevent the misuse of State funds. There were also a number of other historical forces at play that distorted Harper's vision. For example, the political leaders of the 1920s did not have the intimate local knowledge of the frontier lands that Charles Harper and his contemporaries had gained from personally exploring and pioneering the early homesteads in the mid-nineteenth century. The leaders of the 1920s also faced greater political pressure to pursue expansionist policies compared to the colonial-gentry politicians who had dominated less representative electorates. Finally, the leaders of the 1920s had far more resources at their disposal to pursue a high-growth policy compared to Charles Harper's generation. However, the fact remains that Charles Harper's proposal for co-operatives to play a dominant role in the agricultural sector was implemented between the wars. The task now before us is to review the

way that the establishment of co-operation, as a viable model of economic development, was achieved during this period as a result of an acceptance of pragmatic co-operation, colonial socialism and the need to establish countervailing power against merchants. Each of these issues is considered in turn.

III. Pragmatic Co-operation

The work undertaken by Charles Harper was fundamental to the establishment of co-operation as both an ideologically acceptable form of associationism for agriculturalists in Western Australia and as a working demonstration of practical co-operation in the form of the Producers Co-operative Union (Glynn 1975 p. 116). Western Australian farmers owe Harper a debt of gratitude for the personal expense, in time and treasure, he incurred in the process of devising and popularising a form of co-operation which was acceptable to government, agriculturalists and the broader community. Even though Harper was aided by a number of other competent co-operators, the importance of his legacy is not easily over-estimated. Glynn (1975 p. 117) believed that Charles Harper's main achievement was to provide the precedents that were to be used to support future co-operative activities. The value of these precedents is probably best demonstrated in the way that they justified the establishment and subsequent development of Wesfarmers.

The advent of Westralian Farmers Ltd (now Wesfarmers Ltd) was a significant watershed in Western Australian corporate history. Established in 1914 with Walter Harper as a director (Sandford 1955 pp. 33-34, Crowley 1960 p. 170), the company is now one of the most successful listed entities in Australia following its demutualisation in 1984. Importantly in the context of Harper's legacy and the story of co-operation generally, Wesfarmers stands out now as one of the few listed Australian companies that has adopted a conglomerate model and continued to be extremely successful. This conglomerate model may be traced to Harper's legacy of a pragmatic approach to co-operation. This entailed the co-operators building the capital infrastructure themselves if the state could not provide it and, as the years passed, seeking to control every aspect of the business of agriculture, save the farming itself, if they could not generate sufficient countervailing power to reduce the original economic power of the merchants. The latter strategy eventually led to the co-operators running businesses relating to agricultural inputs, financing,

transport and marketing of outputs. Further, once the co-operators had built the capital that was required to meet their pressing commercial needs, they turned to building capital and delivering services to improve the lives of people in the farming communities. This included establishing radio stations and selling radiograms to connect the isolated farmers to the wider world.

When Charles Harper died in 1912, the place of co-operation was not irreversibly established and actors within the movement, including Walter Harper, were soon to be engaged in a fight for survival with merchants and others who believed co-operation should be destroyed. This antagonism was not new and Charles Harper had also been attacked by the merchant class (Glynn 1975 pp. 116-117, Zekulich 1997 p. 5). However, the difference in Walter Harper's time was that the co-operative movement was on the brink of being transformed from a small movement, with considerable potential but a limited threat to the established merchants, into a movement that would lock merchants and other non-co-operators out of growing agricultural markets. This battle for survival, waged during the lead up to and the first year or so of World War I, resulted in two fundamental ideas being accepted by the co-operative promoters: firstly, that co-operation needed to be unified under a peak umbrella organisation and, secondly, that co-operation needed to work closely with government to shore up its legitimacy within a capitalist economic structure. The latter idea was always promoted by Charles Harper, but now it was accepted as a matter of faith.

Political circumstances favoured the co-operators. The war time premiers—J. Scaddan (1911-1916), F. Wilson (1916-1917) and H. B. Lefroy (1917-1919) (Reid and Oliver 1982)—all supported the agricultural sector and Wesfarmers, predominantly because of the grander strategy of rapid agricultural-led growth that was supported by all sides of politics. Notwithstanding the difficulties endured during and immediately after the Great War (Sandford 1955 pp.34-35), the war itself gave the co-operative movement the opportunity it needed to sideline the merchants. During the war Wesfarmers was made one of the few organisations in Western Australia that was given permission to pool and market wheat through the compulsory pooling system established as a result of price controls. A significant group of merchants struck back at the co-operators in 1918 by lobbying the government for the right to act as sole wheat agents in Western Australia (Sandford 1955 p. 36, Crowley 1960). This strategy backfired on the

merchants when the government announced a tender process to select the sole wheat buying organisation in Western Australia. As a result of government sympathy and a strong tender, Wesfarmers won and thereby cut the merchants out of the industry. This experience was never forgotten by both co-operators and merchants alike. The co-operators were thereafter always on their guard to fend off merchant intrusions into their areas of interest, and they became even more committed to act commercially and pragmatically, in concert with the government where possible, to ensure their survival.

An important example of the merchants' hostility to the co-operative movement at this time was the way that they successfully lobbied Australian commercial banks not to advance funds to Wesfarmers. This forced the co-operators to access funds from the Co-operative Wholesale Society (CWS) in London, which ensured that Wesfarmers and the CWS became closer. The CWS's example of pragmatic and commercial operation, in particular, was not lost on the nascent Wesfarmers in distant Western Australia. Merchants would also not accept Wesfarmers' negotiable instruments. This placed additional pressure on the organisation, since farmer-members had to consider whether they could continue to afford to support it given their own cash flow needs (Zekulich 1997 pp. 11-12 and p.15). It is highly likely that Wesfarmers (and probably agricultural co-operation itself) would have collapsed had the merchants been appointed sole wheat buying agents in 1918 and not Wesfarmers. However, government sympathy lay with the co-operative movement and the machinations played out over the period from 1914 to 1919 ensured that the merchants were defeated. Wesfarmers and subsequently CBH thereafter largely excluded merchants from taking a prominent role in the agricultural sector (Gilchrist 2009 and 2013).

The Western Australian government allowed Wesfarmers to continue to oversee the compulsory pooling arrangements in the West after the Commonwealth government abandoned the scheme in 1921 (Zekulich 1997 pp. 7-8). The wheat pool was, however, finally wound up and rolled into the Voluntary Co-operative Wheat Pool (VCWP) after the 1922/23 season. The VCWP was a voluntary pooling scheme which retained such a hold over the market that no merchant coalition was able to challenge it. The principals running Wesfarmers were instrumental in establishing the VCWP and the subsequent close relationship between the two organisations was maintained

at an operational level by transferring Wesfarmers personnel to the new entity (Zekulich 1997 p. 9). By 1927, the Pool was the biggest shipper of wheat in Australia, transporting 380,000 tons of wheat compared to 285,000 tons transported by the Victorian Co-operative, 200,000 tons by the South Australian Pool, and 150,000 tons shipped by the biggest Australian merchant (Zekulich 1997 p. 15). The establishment of specific purpose co-operatives of this nature was to be an oft repeated *modus operandi* deployed by the leading group of Western Australian co-operators (including Walter Harper). It resulted in a nest of pragmatically operated specific purpose co-operatives in Western Australia. Wesfarmers was always the over-arching, central unit that undertook activities not undertaken by the specific purpose co-operatives and, thus, it became the engine room for agricultural co-operation in Western Australia once it overcame, with government assistance, the initial challenges deployed by the merchant class.

The appointment of Wesfarmers as the sole wheat buyer for the government from 1918 until the establishment of the Voluntary Wheat Pool in 1922 was the breathing space Wesfarmers needed to ensure that merchants could not make up ground when the compulsory pooling scheme was terminated. The period allowed Wesfarmers to mature and, importantly, permitted individual co-operatives to be established in country towns under the auspices of the main body. Their establishment was encouraged by agents appointed by Wesfarmers. By 1919, there were 65 such co-operatives established in Western Australia (Sandford 1955 pp.41-42) and, gradually, any pre-existing co-operative bodies were also folded into the Wesfarmers network on similar terms (Glynn 1975 p. 117). The isolated co-operators became closely aligned with Wesfarmers, but, pragmatically from Wesfarmers' perspective, in such a way that the survival of Wesfarmers did not depend on their support or business acumen, and *vice versa*. This is because the financial structure established was such that the central co-operative could not be compromised by failure at the local level. Co-operative fellowship was one thing, but survival was the key.

The local co-operatives also directly reduced the number of merchants when they bought out local stores and distributors (Sandford 1955 p. 46). They prevented incoming merchants from establishing their businesses by creating significant barriers to entry. The most important of these barriers arose because the market in an isolated community was so small that the co-operative served all of its needs and hence an alternative to the co-operative could not be viably

established. Wesfarmers was also able to use these local organisations as vehicles for disseminating its principles relating to sound, pragmatic business practice. Although Sandford (1955 pp. 43-44) has emphasised that co-operation appealed to farmers who were isolated and under significant financial pressure, Wesfarmers itself was not an idealistic organisation. As a result of Charles Harper's pragmatic turn of mind, his example in the Producers Union and following the experiences of the first few years of Wesfarmers's existence, the co-operative was operated in a very pragmatic way. This extended to the way that Wesfarmers dealt with its members, local and regional co-operatives, and the way that it oversaw its marketing activities.

This pragmatism manifested itself in a number of ways, but perhaps the most telling example of this unsentimental attitude to business was the way Wesfarmers allowed associated local co-operatives to collapse during the Great Depression if they had become unviable due to over trading or poor management decisions. Wesfarmers had, in fact, promoted the principle of cash only trading, but during the 1920s, a number of local co-operatives began to trade on credit, which led to their demise at the end of the decade when agricultural prices fell (Sandford 1955 p. 45). This pragmatic attitude toward local associations was reciprocated when farmers demonstrated their capacity in the early years to switch from the co-operative to merchants and back again depending on their immediate interests (Zekulich 1997 p. 13). The utopian co-operative principle was, in short, all well and good, but, following the example of Charles Harper, Dr King and J. T. W. Mitchell, the accepted view was that co-operation would only succeed if it was based on commercially sound and profit-oriented management practices (Gilchrist 2009 and 2014). A commercial and pragmatic approach to running a co-operative was not the only reason for the growth and diversification of Wesfarmers. Its success was also in part due to direct and indirect government support, which was itself part of a larger set of policies associated with colonial socialism.

IV. Colonial Socialism

In Western Australia, as elsewhere, colonial socialism took the form of direct and indirect government intervention in the market economy and was driven by a specific historical trajectory as outlined in chapter four. Charles Harper supported such government action but with the rider that co-operatives, where possible, should be used as interposed entities between government and

the market to ensure that government funds were allocated efficiently. By providing enabling legislation and supportive regulation, or by preferencing the co-operative movement over commercial concerns, governments could manipulate the nature of the economy to drive their economic development objectives without necessarily directly participating as economic actors. In the period immediately following Harper's death, the Western Australian government had both cause and incentive to intervene in the agricultural sector in response to the dislocation in agricultural markets following the onset of the Great War. One of its most important decisions was to give preference to the co-operative movement over merchants. This support was justified as an emergency measure in a time of crisis, but, as indicated in the previous sub-section, it was continued after the war when the State government awarded Wesfarmers the right to manage the pool of the State's wheat staple and the Commonwealth government extended a financial guarantee to the VCWP via the Commonwealth Bank.²

This type of indirect colonial socialism was, however, increasingly bolstered by more direct and less considered forms of government support of the agricultural sector during the Great War and throughout the 1920s. The state utilised the infrastructure established before the war and created new infrastructure to force the pace of the economic growth via agricultural settlement. The state could justify some of its early interventions in this sector on the grounds that it was mitigating the negative effects of the 1911 and 1914/15 droughts and the impact of the war. For instance, in 1911 the government established the Wheat Seed Board to provide farmers with sufficient seed to plant the next crop if they did not have the financial resources to fund that process themselves. The government also distributed fertilizer and fodder under this arrangement (Glynn 1975 p. 108). Again, in 1914, the government established the Industries Assistance Board, which, in conjunction with the government owned Agricultural Bank, helped to avoid widespread economic disaster in the agricultural sector and assisted recovery by making funds available to certain classes of farmers (Crowley 1960 p. 171, Glynn 1975 pp. 117-118, Zekulich 1997 p. 9).

The confidence with which government officials pursued such policies mutated into hubris in the 1920s, when agricultural development was pursued in an ever more reckless and fast-paced

²This guarantee in support of finance was critical to the success of the new venture, since it allowed the Pool to offer advances to farmers and thereby maintain its membership (Zekulich 1997 p. 15)

fashion. As mentioned in section two of this chapter, political pressure was placed on ministers to pursue expansionist policies and both they and their advisers lacked the local knowledge of the frontier districts that was once held by policy makers such as Charles Harper. Ultimately, this political pressure and lack of local knowledge led to the ill-judged settlement schemes of the 1920s. These schemes were central to the growth strategy of successive governments and massive sums were allocated to them. Such schemes had been introduced before World War I, but were small compared to post-1918 schemes to settle returned soldiers and subsidised immigrants onto virgin land.³ Funds for these initial schemes were provided by the Commonwealth and Imperial governments (*Empire Settlement Act 1922 (Imp)*, Glynn 1975 p. 121). The participation of these “higher authorities” further legitimised the aggressive growth policy of the Western Australian government and dispersed the financial risks associated with this strategy. These land settlement schemes also adhered to Charles Harper’s requirement that settlers take responsibility for the loans advanced by the Agricultural Bank on behalf of the state (Shann 1925 pp. 78-79 and p. 81). However, as the pace of expansion increased, these schemes became increasingly poorly drafted, inexpertly executed and mismanaged.

The most ill-advised form of government-sponsored settlement was the Group Settlement scheme located at Margaret River in the South-West. Premier Mitchell, who was arguably the premier most associated with the settlement schemes and their failure, decided in 1922 to entice the unemployed of Britain to join group settlements in order to establish dairy farming in the heavily wooded terrain of the Cape Region of Western Australia (Bolton 1994 pp. 32-36, Devenish 2014 pp. 65-68). The Group Settlement scheme entailed forming immigrants, many of whom were without farming skills, into groups or work gangs to clear the timber from the land and then, once the land had been cleared, randomly allocating plots to the members of the group. It involved group action over individual responsibility, paying wages to the settlers, and denying the individuals the right to select their farms. The Industries Assistance Board (itself an example of direct colonial socialism) that had been established during the 1914/15 emergency was also used to support less competent and less successful farmers to remain on their holdings in an effort to prevent the Agricultural Bank from experiencing losses through default (Shann 1925 p.

³ The *Agricultural Lands Act 1896 (Western Australia)* was the first legislative act that allowed for the government assisted settlement of agricultural lands.

81). The Bank itself provided cheap loans with easy terms, including interest-only arrangements for the first ten years.

The failings of the Margaret River Group Settlement Scheme were identified by the 1924/25 Royal Commission that was established to review the implementation of this policy and which was chaired by Walter Harper (WAGG No. 48 12th September 1924 p. 1623). Among other things, the Commission reported that group settlers lacked farming skills; often remained in the scheme only because of the government wages and until a better proposition showed up; had no fear of being dismissed; and did not work effectively within the groups. In other words, all of the adverse selection and moral hazard problems normally associated with such simple minded co-operative enterprises, and foreseen by Charles Harper, manifested themselves. Shann (1925 p. 83) laid the blame for this poor decision making squarely at Mitchell's feet and indicated that the electoral position of his government would have been in jeopardy if the premier could not show results for the significant capital thrown at the objective of opening up land. Certainly the press was wise to the waste and highlighted some of the inconsistencies in the government's arguments very early on in the Scheme's history (for example, see *The West Australian* 26th July 1921).

Setting aside the settlement schemes and the attendant deployment of the Agricultural Bank's assets to the government's objectives, additional examples of colonial socialist activities included the Agricultural Department's re-launching of the *Agricultural Journal* in 1924, the establishment of Muresk Agricultural College in 1925, and the development of the Department's soil science focus after 1928 (Glynn 1975 p. 131). The government also continued to subsidise rail cartage for farmers to the detriment of other industries, while other primary industries, such as pearling, received government support via direct payments or bank guarantees (Shann 1925 p. 78, Sandford 1955 pp. 21-23, Crowley 1960 p. 165, p. 178 and p. 211). Tax relief was also provided to gold miners; the state continued to provide infrastructure for mining, such as batteries and boring plants; and the State government successfully convinced the Commonwealth government to provide a bonus to miners for each ounce of gold produced (Crowley 1960 p. 225). This last set of government subsidies was probably the most useful given that the

agricultural sector collapsed during the Great Depression and gold mining became the State's largest primary industry by 1938/39 (Snooks 1974 p. 13).

Perhaps the apogee of direct colonial socialism occurred when the government invested in its own lines of business. Successive governments responded to political pressure by using borrowed funds to invest in a number of non-strategic areas in a way that Charles Harper would have disapproved. Harper consistently argued that it was the responsibility of the government to establish capital infrastructure to support the development and direction of the Western Australia economy with appropriate controls, but he was reluctant to see the government embark upon an activity that did not make a major contribution to economic growth. These government ventures included businesses that very few economists of the day would have deemed a government priority. For example, by 1930 and directly counter to Harper's policy, the government operated hotels, dairies, fish shops, brickworks, quarries, abattoirs, saw mills, a meat works, butcher shops, an insurance company and a shipping line (Crowley 1960 p. 188 and p. 230).

V. Countervailing Power

As described in chapter five, Charles Harper believed that co-operatives needed to develop countervailing power to check the original economic power of the merchants. The co-operative promoters who succeeded him in the 1910s and 1920s realised that the co-operatives often failed to generate sufficient countervailing power, and hence they increasingly chose to take over the original economic power by controlling all aspects of agricultural production, transport and sale, save the actual farming itself. The need to control the backward and forward linkages in the agricultural production process became particularly manifest to Walter Harper and his colleagues when they pondered how to respond to merchant opposition to their activities after the Great War (Sandford 1955 pp. 36-37). As described above, this opposition was considerable. Glynn (1975 p. 116) considers that, until 1919, there was a "proliferation" of middlemen and agents who operated under collective agreements and restrictive practices. Wesfarmers was the co-operative enterprise that was chosen to protect the agriculturalists against the original economic power wielded by the producer rings. By 1927, it had established a policy of being actively involved in all components of agriculture (Zekulich 1997 p. 18). Wesfarmers also supported the establishment of more specialist co-operatives, such as the VCWP, and local co-operatives in

isolated settlements in such a way that merchants were displaced entirely rather than held in check.

Farmers also liked the idea of stable prices and managed marketing. That is, they not only pursued the objective of better output prices and cheaper inputs, but also more predictable prices. Wesfarmers seemed to achieve this outcome more effectively than the middlemen that it displaced due to its sheer size and reach. It was able to release wheat onto the market at times most advantageous in terms of price achieved, but still pay farmers when wheat was received (Zekulich 1997 pp. 9-10). Wesfarmer's initial monopoly status as the sole wheat agent during the Great War was obviously one reason that it gained this critical bargaining power. It thereafter maintained its size and reach by meeting the direct interests of farmers and expanding when it could into all aspects of farming business. This included developing cash reserves to allow the co-operative to pay cash at the farm gate (Zekulich 1997 pp.11-12). It also established or purchased a number of new divisions, some to broaden the co-operative's offerings to its members, some to expand its reach in marketing and distribution, and some to protect its interests. In 1914, for instance, together with major co-operatives based in other parts of Australia, New Zealand and South Africa, Wesfarmers established the Overseas Farmers' Co-operative Federation Ltd, which in turn established a selling floor in London to counter the opposition of London-based merchants to Wesfarmers. Interestingly, this opposition in London was apparently deployed at the request of the Western Australian merchants (Sandford 1955 pp.37-38).

The Wesfarmers juggernaut displaced merchants in a number of markets that, at first sight, seemed distant to its agricultural interests. Indeed, the sheer range of activities that were undertaken by Wesfarmers is to some extent bewildering. It established the radio station 6WF to bring news and entertainment closer to isolated farming communities; it established Australian Outturns Pty Ltd in 1926 to prevent piracy of its wheat in Europe (Zekulich 1997 pp. 16-17); it established or acquired shipping interests, superphosphate interests, and an insurance business (Crowley 1960 p. 211); and it even manufactured its own line of radios, the Mulgaphone. Perhaps proving its pragmatic credentials, it was not above going into business with merchants to advance these concerns. For instance, in 1926, Wesfarmers purchased shares in Bery Barclay, a

London firm which acted as agent for a number of co-operatives from the Antipodes (Zekulich 1997 pp. 16-17). By 1927, Wesfarmers had “completed the link” between production and the eventual sale of produce when it acquired one third of the issued capital of Fremantle Stevedoring and thus removed the threat of merchant power in the entire agricultural value chain.

VI. Conclusion

Harper’s chief legacy was to establish a co-operative tradition in Western Australia by promoting co-operatives in the 1890s and establishing the Producers’ Co-operative Union in 1902. He believed that co-operatives would enable settlers to overcome the economic problems that characterise a frontier economy. Settlers could form pragmatically-oriented co-operatives to build the capital infrastructure that an over-stretched state could not provide, and to generate the countervailing power needed to check the monopolistic power of the merchants who tend to dominate incomplete frontier markets (as described in chapter one). Harper’s faith in the ability of settlers to work in concert to solve frontier problems was, in part, shaped by his own experiences in the frontier environment (as described in chapter two). The various British co-operative traditions were also relevant to the formation of Harper’s thinking, but they were less important compared to the environmental factors and they were deployed more as rhetorical devices to persuade idealistic settlers that they should join co-operatives (as described in chapter three). Harper also believed that neither the state nor the co-operatives could develop the Western Australian economy alone, and hence he argued that they should work in tandem to promote economic growth. He therefore supported a variation of colonial socialism in which state sponsored co-operatives act as interposed entities between the government and the market (as described in chapter four). He believed, in particular, that the state should sponsor co-operatives to generate countervailing power to combat the economic power of the merchants, but with the rider that the state should intervene directly in the market if this was not possible (as described in chapter five). This co-operative vision was then imperfectly implemented between the two wars by Harper’s son and other leading men of Western Australia (as discussed in this chapter). Their contribution to making co-operation a reality in this region should not be underestimated, but, it must always be remembered that they already had the ideological ground cleared before them by the work undertaken by Charles Harper and his few fellow travellers before 1912.

It is also clear that, although Harper's form of co-operative enterprise successfully contributed to the economy of the Western Third in the 1920s, his version of colonial socialism was not executed with unalloyed success in this decade. The government's strategy between the wars of using its tax-raising powers to fund rapid growth in the agricultural sector was no different, at least in spirit, to that followed during Harper's lifetime. The government also continued to adhere to Harper's belief that the traditional inefficiencies associated with state enterprises should be mitigated by insisting that state funded or built capital be run, *where possible*, by co-operatives or more traditional private enterprises. However, the pace and magnitude of the government-led development of the agricultural sector was excessively ambitious, especially in relation to the quest to expand the wheatbelt and dairy industry (Glynn 1975 p. 127, Zekulich 1997 pp. 19-20). This excessively ambitious policy was not guided by leaders with sufficient knowledge of the lands in question. Charles Harper and many of his compatriots had grown up on the land and Harper himself had undertaken two exploratory expeditions, established pastoral properties in the North West, and had experimented in agriculture all of his life. He had also toured most regions of the State and interacted with farmers in all of these areas. These activities gave Charles Harper an understanding of the land that was subsequently unavailable to the ministers and government bureaucrats pursuing such rapid economic growth. The political expectations placed on governments once the franchise had been fully extended meant that even the failures experienced along the way were unable to prevent the ultimate economic losses resulting from the government's excessive policy (Devenish 2014 pp. 67-68). The falling away of output per head and the excessive amount of capital outlaid were largely overlooked in an atmosphere of optimism, high agricultural prices and easy international credit (Snooks 1974 pp. 9-10). The collapse in agricultural prices from 1928/9 onwards and the withdrawal of international credit led to a sharp reverse. Farmers failed to meet their debt commitments and public sector workers were laid off in response to government budget shortfalls.

It is impossible to determine whether or not Charles Harper would have supported the excessively ambitious growth policies executed in this period if he had lived beyond 1912. It is entirely conceivable that he would have been caught up in the same hubris experienced by Premiers Mitchell and Collier. This confidence "mirrored the spirit of his times" (Crowley 1960

p. 229). It is also the case that the significant growth overseen by Charles Harper and his colleagues prior to the Great War was framed by their earlier experience of radically binding resource constraints, and hence they were cautious compared to the generation that followed, even if the infrastructure projects they commissioned were prodigious for the time. Their mistakes were therefore on a smaller scale compared to those made by Mitchell and his generation in the 1920s. Still, Charles Harper's emphasis on the use of co-operatives to ensure the effectiveness of farming ventures suggests that he would have at least questioned the degree to which the state rather than co-operatives directed resources between the wars. It is telling that his son, Walter Harper, chaired the Royal Commission of 1924/25 that handed down a negative report on the use of state sponsored gangs of largely unskilled migrants to clear wooded terrain in the Margaret River region. This Group Settlement scheme was not the type of co-operative venture that was originally envisioned by Charles Harper.

Whatever the ultimate influence enjoyed by Charles Harper, there is no doubt that posterity has forgotten a great deal of what he achieved in his lifetime and has also failed to recognise the continuing impact of his legacy after his death. His role has always been relegated to that of a bit player at best in the standard histories of Western Australia and as a foil used to demonstrate an historian's point relative to a role played by more "important" characters. This was partly a result of Harper's apparent disregard for self-promotion that seems to have been a natural process for other populist politicians from John Forrest onwards. It is also partly a result of the fact that Harper, in all of his wide-ranging endeavours, was often overshadowed by more substantial personalities including his partner in publishing J. W. Hackett and John Forrest himself. Perhaps most of all, this oversight is a result of the declining importance of agriculture in the Western Australian economy in the last three or four decades. Agriculture has played an important part in the State's economic development and continues to do so. However, it is much more of a minor industry now than it was even forty years ago. Whatever the cause, Harper was a singular contributor to the economic development of Western Australia and deserves better recognition.

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